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SUPREME ECONOMIC COUNCIL: MINUTES OF MEETINGS FEBRUARY 17, 1919, TO FEBRUARY 7, 1920

Paris Peace Conf. 180.0501/1

Supreme Economic Council: First Meeting of First Session Held at the Ministry of Commerce on the 17th February, 1919

The Supreme Economic Council, established at the request of President Wilson and in accordance with the decision reached by the Supreme War Council,¹ held its first meeting on 17th February 1919, under the chairmanship of M. Clémentel.

The associated Governments were represented as follows:²

GT. BRITAIN :	Lord Robert Cecil Sir John Beale
UNITED STATES :	Mr. McCormick Mr. Hoover Mr. Norman Davis Mr. Baruch (Excused) Mr. Hurley (Excused)
FRANCE :	M. Clémentel M. Klotz M. Loucheur
ITALY :	M. Crespi M. Chiesa

I. Constitution.

M. Clémentel expressed satisfaction that the past cooperation between the Allies, so satisfactory in its results, had been still more completely established by the execution of the proposal made by President Wilson that a Supreme Economic Council should be formed.

M. Clémentel, referring to the resolution of the Supreme War Council to the effect that:

"The Supreme Economic Council should absorb or replace such other existing bodies and their powers as it may determine from time to time."

submitted that the Council should co-ordinate the work of the following Inter-Allied organizations:

- a) Allied Maritime Transport Council,
- b) Inter-Allied Food Council,
- c) Supreme Council of Supply & Relief,
- d) Programme Committees,
- e) Superior Blockade Council.

¹ See BC-26, minute 5, vol. III, p. 934.

² For further information concerning the members of the Supreme Economic Council and the organization of the Council, see vol. III, pp. 87-90 and 146-150.

The Council agreed that the existing councils should refer to them for decision important questions of policy. Under these conditions, it was not considered necessary to create a special administration but it was agreed that a Secretariat should be formed whose responsibility it would be to collect and circulate documents and summon the meetings which should take place once a week.

The Chairmanship would be taken in rotation by the principal representatives of each of the Associated Governments.

After some general discussion, the following resolutions submitted by Lord Robert Cecil were accepted:

1. "The existing Councils or their administrative organizations should be retained with their present powers.
2. "These Councils should report to each meeting of the Supreme Council the decisions which they have taken since the last meeting, as well as all questions regarding which, for any reason whatever, they have not been able to come to an agreement.
3. "The Supreme Economic Council will take decisions on all questions which are submitted to them and will give such other directions as may seem to them desirable or necessary."

II. Transport in Southeastern Europe.

The British Delegates reported that they had received information through General Mance to the effect that there was grave danger of a complete breakdown of transportation in Southeastern Europe and submitted that a Technical Committee should be formed immediately to study the question and make recommendations to the Council.

Agreed.

The following members were appointed on the Committee:

United States	Col. Atwood,
Italy	Gen. Levi,
United Kingdom	Gen. Mance,
France	Gen. Gassouin,

It was agreed that General Mance should be Chairman of the Committee.

III. Austrian Trade.

The British delegation inquired whether there was any real advantage in preventing the Austrians, in view of their serious position as regards finance and food, from obtaining credits by the export of jewelry and other similar articles not of a competitive nature, which they are at present able to manufacture.

The American Delegates reported that the matter had already received the consideration of the Supreme Council for Supply & Relief and Superior Blockade Council and undertook to report in detail at the next meeting of this Council.

IV. Enemy Ships in Spanish Ports.

In reply to an inquiry made by the British Delegates, the French Delegates stated that the opposition placed by the Spanish Government against the departure of Austro-German ships from Spanish ports was explained by the fact that Great Britain had not yet agreed to the request made by Spain and conceded by the other Associated Governments, that she should be permitted to use the six vessels on which the Spanish flag had been placed and over which she desired to retain control.

The British Delegates agreed to report the position to their Government.

V. Relaxation of Blockade on Northern Neutrals.

The American Delegates reported that at the last meeting of the Superior Blockade Council the question of increasing the rations of the Northern Neutrals had been discussed, that it had been decided to submit to the Supreme Economic Council the question of increasing the rations of each country to their normal pre-war consumption, as the Superior Blockade Council had not been able to come to a decision owing to a question of finance.

They further stated that the American Government was of the opinion that the blockade on those countries should be removed entirely on the understanding that the necessary guarantees regarding re-export to enemy countries were obtained.

It was agreed that the matter should be discussed in detail at the next meeting of the Council.

VI. Supplies of Foodstuffs for Italy.

The Italian Delegates referred to the unfortunate position of Italy as regards essential foodstuffs due mainly to the fact that financial difficulties prevented her making the necessary arrangements for purchasing and transporting supplies to meet even her minimum needs.

After some general discussion, in which the French Delegates pointed out that the difficulties being experienced by Italy were also applicable very largely to France, it was agreed that the matter should be deferred for further consideration at the next meeting to enable the French and Italian Representatives to prepare a definite statement of the position and needs of their respective countries.

VII. Date of Next Meeting.

It was agreed that the next meeting should be held on Tuesday the 25th February at 3 p. m.

**Supreme Economic Council: Second Meeting of the First Session
Held at the Ministry of Commerce [on 25th February, 1919, at
3 p. m.]**

The Supreme Economic Council held its second meeting on the 25th of February, 1919 at 3 p. m. under the Chairmanship of Lord Robert Cecil.

The Associated Governments were represented as follows:—

GREAT BRITAIN	Lord Robert Cecil
UNITED STATES OF AMERICA	Sir John Beale Mr. McCormick Mr. Hoover Mr. Norman H. Davis Mr. B. M. Baruch
FRANCE	M. Clémentel M. Klotz M. Loucheur
ITALY	M. Crespi M. Chiesa

8. Minutes of the Preceding Meeting.

The Minutes of the preceding Meeting were read and approved.

9. Powers of the Council.

The council were informed that on 21st of February 1919 the Supreme Council of the Allied and Associated Powers have decided:¹

"That measures of a transitory character shall be referred to the Economic Council established on President Wilson's proposal, while those of a permanent character shall be considered by a special Commission to be established later, and of the terms of reference to their new functions:

To examine such economic measures as should be taken during the reconstruction period after the war so as to ensure:—

a) The due supply of materials and other commodities necessary for the restoration of devastated areas.

b) The economic restoration of the countries which have suffered most from the war.

c) The supply of neutral and ex-enemy countries without detriment to the supply of the needs of Allied and Associated countries.[""]

The following proposals suggested by the American Delegates were adopted:—

1. The establishment of Financial, Blockade, Raw Materials and Shipping Sections, either by the absorption of the existing Inter-

¹ See BC-36, minute 4 and enclosure to annexure A, vol. iv, pp. 62 and 68.

Allied Organizations or by requesting each of the Associated Governments to designate one or more representatives to each section to be formed.

2. The name of the Permanent Committee of the Supreme Council of Supply and Relief to be changed to the "Food Section of the Supreme Economic Council."

3. The functions of the Supreme Council of Supply and Relief and the Inter-Allied Food Council to be assumed by the Food Section of the Supreme Economic Council. The Committee of Representatives of the Inter-Allied Food Council in London will continue as a sub-committee of the Food Section.

4. The Associated Governments to be asked to designate immediately their delegates for the sections of Raw Material and Finance.

5. The Allied Maritime Transport Council to continue for the present and to act as the Transport Section of the Supreme Council.

At the request of the French Delegates, it was agreed that the Financial Section should consider all questions submitted to the Council which may have a financial bearing, but this section is not expected to deal with questions of a financial character outside the scope of this council.

10. Food Supplies for France and Italy.

The Italian and French Delegates submitted statements dated 23rd (1)² and 24th February (2) pointing out the seriousness of the Italian and French food position, partially in view of the present shortage of tonnage.

It was agreed to refer the memoranda to the Shipping Section for consideration and report at the earliest possible date, and, so far as was necessary, to the Food and Financial Sections.

11. Relaxation of Blockade on Neutral Countries of Northern Europe.

With reference to Minute 5³ the American Delegates reported that it had been decided for the present to withdraw the proposal that the blockade on foodstuffs on the northern neutrals should be removed entirely.

12. Blockade of Austria.

With reference to minute 3 the American Delegates proposed that the blockade section should prepare a report on the question of the relaxation of the blockade on raw materials to the countries included in the former Austro-Hungarian Empire.

² Reference is to appendix 1, p. 8. This style of reference to appendixes appears throughout most of the minutes of the Supreme Economic Council. The appendixes have been printed immediately following the minutes of each meeting and have been numbered consecutively from 1 to 330 to correspond with the numbering of the references in the minutes.

³ *Ante*, p. 3.

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13. Supplies for Liberated Countries.

A memorandum from the Food Section dated 24th February (3) regarding the financial cost involved in the execution of the minimum programme for the relief of liberated territories was submitted and referred to the Financial Section for consideration. Agreed.

14. Supplies for Austria, Hungary and Bulgaria.

A. Finance. A Memorandum from the Food Section dated 24th February (4) reporting on the financial position as regards food supplies for Austria, Hungary and Bulgaria was submitted. The American Delegates, referring to the difficulty of realizing the credits offered by the Austrian Financial delegates, proposed that the principle should be accepted that payment for food furnished for relief should be recognized as a first lien or charge upon Austria's assets of any kind.

It was agreed that the Council should give this direction to their Finance Section, subject to the reservation that this action in the case of Austria should not be regarded, in view of the urgency of Austria's needs, the small amount involved and the Austrian military situation, as a precedent for other cases.

B. Transport. The American Delegates referred to the extraordinary difficulties of transport being experienced as a result of differences between the various sections of the former Austro-Hungarian Empire and between them and Italy, and pointed out that unless satisfactory railway communications were re-established at an early date it would be quite impossible to ensure an adequate movement of foodstuffs from Trieste to these districts.

After general discussion of the position it was agreed :—

(a) to refer the matter to the Technical Communication Committee appointed on 17th February to deal with the re-establishment of communications in South Eastern Europe for consideration in collaboration with the Food Section;

(b) that the sub-Committee should at the same time consider the possibility of sending foodstuffs to Czecho-Slovakia through Northern Germany by the Elbe or the Rhine and that representatives of Marshal Foch and of Blockade Section should be requested to assist at the discussions.

In the meanwhile Signor Crespi agreed to impress upon his Government the urgent necessity for facilitating to the utmost, in so far as is compatible with strict military requirements, the passage of foodstuffs to all parts of the former Austro-Hungarian Empire, by all routes which may be open to or under the control of the Council or its delegates.

15. Revictualling of Germany.

A memorandum from the Food Section dated 23rd February (5 & 6) was submitted and referred to the Financial Section for consideration.

It was agreed, however, that the proposal made by the Swedish Government that they should be permitted to furnish 50,000 tons of flour for distribution by the Swedish Red Cross in Germany, should be accepted.

16. Revictualling of Left Bank of the Rhine.

A memorandum from the Food Section dated 24th February (7) embodying proposals for the supplying of foodstuffs to the left bank of the Rhine was submitted.

It was agreed

(a) that this provisioning should be separated from that of the right bank of the Rhine and should be carried out under the auspices of an Inter-Allied Military Committee to be set up under the High Command and reporting to the Food Section of the Council.

(b) that the financial proposals embodied in the above Memorandum should be referred to the Financial Section for consideration.

17. Transport.

(a) *Enemy tonnage.* A letter from the Allied Maritime Transport Council dated 4th February (8) addressed to the Supreme War Council and referred to the Supreme Economic Council regarding the employment of enemy tonnage was read.

The resolutions embodied in this letter were accepted in the light, however, of certain explanatory notes mentioned by Mr. Salter as included in the Minutes of the Allied Maritime Transport Council (9).

(b) *Tonnage for relief.* A note from the Food Section dated 23rd February (10) was submitted. The British Delegates referred to the general scarcity of tonnage necessary for the execution of the allied Food Relief Programme and submitted that the position should be carefully examined by the Allied Maritime Transport Council.

Agreed.

18. Communications in Eastern Europe.

With reference to minute 2, a report for the Technical Communication Committee dated 22nd February 1919 (11) embodying proposals for ensuring the re-establishment of communication in Eastern Europe was submitted.

It was agreed:

(a) that the financial responsibilities involved in the proposals should be referred to the Financial Section with a recommendation that, in view of the urgency of the situation, the proposals should, if possible, be accepted.

(b) that the suggested appointment of a Technical Executive Committee should be approved, the Committee to consist of the members of the present Sub-Committee, to whom should be added a representative of Marshal Foch in the event of the activities of the Committee extending to countries other than those of South Eastern Europe.

19. Organization.

It was agreed:

(a) that the Secretaries of the four Delegations should meet before each meeting to agree upon the Agenda and to prepare the documents for distribution which should reach members of the Council at least 24 hours before the meeting.

(b) that no questions except those of utmost urgency should be considered at the meetings unless they have been first placed upon the Agenda.

M. Clémentel placed at the disposal of the Council the organization of his office in order to facilitate the work.

Date of Next Meeting.

It was agreed:

(a) that an emergency meeting should be held on Saturday 1st March at 3 p. m. to consider primarily the instructions to be given to the Delegates meeting the Germans at Spa on 4th March.

(b) that the next full meeting of the Council should be held on Monday 3rd March.

Appendix 1

Memorandum From the Italian Delegation on the Italian Situation

23RD FEBRUARY, 1919.

The discussion which took place last Monday regarding the proposed increase in the rations allowed to neutral countries has disclosed the fact that the situation of Allied Countries and of Italy in particular, is such as to demand priority in consideration and action on the part of the Supreme Economic Council.

The following notes may give some idea of what the present situation is so far as Italy is concerned.

Italian Cereal Programme. Attention is called to the following statement of Italian Cereal imports as compared with those of other Allies, as shown by the official statements of the Wheat Executive.

PERCENTAGE OF IMPORTATION AS AGAINST REQUIREMENTS FROM THE BEGINNING
OF THE CEREAL YEAR

	Italy	France	U. K.	Mean %
September.....	89.3	172.9	119.1	123.4
October.....	117.0	143.6	120.0	124.8
November.....	111.4	117.1	118.0	116.0
December.....	99.3	109.6	126.7	115.1
January.....	87.4	109.5	123.1	109.5
February.....	80.2	96.5	112.3	98.9
March.....	75.8	83.9	106.0	91.3
Deficit on mean %.....	-15.5	-7.4	+14.7	91.3
Deficit on total.....	-24.2	-16.1	+6.0	100.0

The deficit of arrivals against requirements, if equally distributed, ought to be 8.7 for each country. Italy's actual deficit, however, is seen to be 15.5%, as against a deficit of 7.4 for France, and a surplus of 14.7 for England. This practically means that Italy's programme is 30.2% in arrear as compared with the British, and 8.1 as compared with the French.* The latest estimate of March arrivals in Italy (ships nominated) puts them down at 146,000 tons. Therefore against a total requirement for the cereal year (including recovered and new territories) of 4,230,000 tons, the deficit by the end of March would amount to 941,000 tons.

Future Outlook: By this time last year, Italy was in an admittedly desperate position in respect of cereals. The position this year is the following. Italy will have received by the end of March 300,000 tons more this year than last. But the excess is entirely absorbed by the additional requirements of the recovered and new territories.†

While Italy had a poorer wheat crop last year, she had on the other hand a better maize crop, this year's crop being not only scanty but almost totally unfit for human consumption. While, moreover, last year, from March onward, Italy received really conspicuous arrivals of cereals (March 228,000 tons, April 334,800 tons, May 383,000 tons, June 309,000 tons, July 244,000 tons, August 290,000 tons), she has yet to face this year, the worst period of her arrivals. The position to the 21st of February was that the chartering office of the Wheat Executive had not been able to secure any charters for Italian account, or indeed for anybody.

*The above figures do not include imports for animal food and distilleries which are received in other countries. [Footnote in the original.]

†Italy has also lent, out of her own resources, some wheat to Vienna. [Footnote in the original.]

Other Foodstuffs: The comparative situation of Italy is shown by the following table:

PROVISIONS

PERCENTAGES SHOWING THE IMPORTS INTO ITALY, GREAT BRITAIN, FRANCE, FROM SEPTEMBER 1918 TO END OF MARCH 1919 IN RELATION WITH THEIR REQUIREMENTS AS ASCERTAINED BY THE INTER-ALLIED FOOD COUNCIL

	Italy	U. K.	France
Frozen Meat.....	60. 5	99. 2	80. 3
Preserved meat.....	60	93	111. 3
Pigmeat.....	74. 7	84. 8	55. 5
Dairy Products.....	45	85. 7	-----
Fish.....	39. 3	-----	-----
Fish and other goods, Class A*	-----	109. 5	66
Sugar.....	37. 9	91. 2	74
Coffee.....	53. 5	-----	-----
Coffee and other goods, Class B†.....	-----	125	45
Oils and Oilseeds.....	26. 7	101. 8	63. 2
Total Percentages.....	52. 1	96. 4	68. 7

*Class A.—refers also to dried fruits, tea, eggs, cocoa, etc.

†Class B.—refers also to jam, honey, wines, syrups, etc.

The above total percentages (52 against 68 and 96) show most eloquently what the general situation is.

As regards individual items, some additional information may be of use.

The Italian position in respect of frozen meat was depicted in the following terms by the Committee of Representatives on January the 31st. :—

“I am directed by the Committee of Representatives to state that the Committee has had under consideration the programme of arrivals of frozen meat in the Allied Countries. While arrivals in this country are in excess of the agreed requirements, arrivals in Italy are greatly in arrear. For the month of February only one cargo amounting to 2700 tons has so far been arranged, against the requirements which were agreed at 21,000 tons before the needs of the recovered territories were taken into account.

“The Committee had hoped that the position might have been ameliorated by the direction to Italy of some cargoes of United States meat for which finance was available, but it is now understood from the Ministry of Shipping that no tonnage can be provided for this purpose at the present time.

“The Italian Delegate informed the Committee that finance was not available for the purchase of cargoes from other sources, and under these circumstances the Committee decided to lay the facts, with an expression of concern at the grave position with which Italy will be faced unless at least another 8,000 tons are provided for February arrival.”

Four Italian boats with cargoes of frozen meat might have been available for Italy, but of this number three, unless they are financed on arrival at Gibraltar (one is already there) will, although on Italian bottoms, go to France or England, while the other boat is idle in the Plate since the 5th of this month, vainly waiting for her cargo to be financed. Meanwhile the other Allies have already secured more than their full requirements, also for April and May.

As regards hog products, a great quantity of which is already at New York on lighters (the railing to the seaboard having already been stopped) these cannot be shipped for lack of tonnage unless at the expense of the arrivals of wheat. The only alternative left Italy is thus to choose between allowing these accumulated stocks of hog products to rot where they lie, with no chance at any rate of their reaching Italy in time for consumption during the cold season, or further to aggravate the already dangerous cereal position.

Orders already dispatched for the shipment of sugar have had to be cancelled, thereby creating endless trouble with the shippers who had been asked for January/February delivery.

Coal Situation: The Allies know what a tremendous sacrifice Italy has been called on to make in contenting herself with 600,000 tons of coal. The Allied Maritime Transport Council had already strongly recommended that, if at all possible, this quantity should be increased, even in war time.

Yet, whereas until the date of the Armistice ^{sa} the strenuous efforts of the British Ministry of Shipping were successful in securing the carrying out of the 600,000 tons programme, almost in full, they have not been equally successful since the Armistice, in spite of the fact that Italy's needs have been increased by the requirements of the liberated and new territories. This is shown by the following official figures of total shipments:

15 November–14 December	503,776 tons
15 December–14 January	346,282 tons
15 January–14 February	663,735 tons
15 February to 14 March (estimate)	487,000 tons

While shortage of supply was at first responsible for such short shipments, lack of tonnage is alone responsible during the later period. What the position will become from the 15th March onward, in the event of a strike in the British mines—necessitating as it would the employment of an increased amount of tonnage for importation from more distant markets—can be more easily imagined than described. The Italian Representatives most emphatically warn the Allies that Italy could not withstand such a shock. It is simply impossible for

^{sa} For text of armistice of November 11, 1918, see vol. II, p. 1.

the country to keep going in peace time under worse conditions than those created by the war. It is, on the contrary, imperative that its coal imports should be increased to 800,000 tons, which is itself about 200,000 less than Italy received before the war, when, moreover, she had not to provide for the needs of Trent and Trieste. It is quite time that Italy should return to a human standard.

Raw Material: Very few words need be spent on the subject of raw material, because Italy is importing practically none. Italy is the only country in Europe which is totally unable to import nitrates, thereby endangering her future crops. The effects of this will be felt next season.

The preceding facts and figures are amply sufficient to prove that Italy cannot withstand any continuance of present conditions. Italy is incomparably the worst off in respect of cereals, meat, coal and raw material.

The Allies will certainly realise that the Italian government is bound just now to be as liberal towards the Italian people as the other Allied Governments are towards their own populations. While evident political considerations point to the imperative necessity of liberality and generosity, Italy to-day cannot offer to the returning soldiers rations as strict as in war time, the meat ration being inconsistent not only with the requirements of a liberal policy, but with those of public health and common humanity. Coal, which is now scarcer than under war conditions, threatens to be totally unobtainable in a month's time.

The combined effect of all the above must inevitably lead ultimately to economic death, and from war to revolution. The Italian representatives wish to be both clear and emphatic on this point.

Appendix 2*

Memorandum From the French Delegation on the French Supply Situation

The French Government wishes to draw the attention of the Supreme Economic Council to the present French Food position.

The Food Import programmes have been ascertained and agreed upon by the Inter-Allied Food Council in London.

It seems that there is at present a sufficient world supply of essential foodstuffs to carry out these programmes.

On the other hand, it should be noted that the actual quantities at present on passage to French ports or for which ships have already

* The texts of appendixes 2 to 11 are filed separately under Paris Peace Conf. 180.0501/38.

been nominated are extremely low, in fact lower than ever since the outbreak of the war.

The reason is that, since the Armistice, the close co-operation between the work of the various shipping administrations of the several Associated Powers which had been established through the agency of the Allied Maritime Transport Council has been allowed to relax, through the release, now under progress, of a great number of ships.

This means that nations such as France, whose mercantile tonnage is inadequate to meet their needs, are no more able to receive from the Allied or Associated Nations the additional tonnage they need to fill their import programmes.

An agreement has been reached whereby Great Britain undertakes to supply such additional tonnage to France; but the actual working of that agreement has so far been delayed through technical difficulties.*

The French Government furthermore wish to call the attention of the Supreme Economic Council to the present high cost of foodstuffs in France. This matter is one of great concern to the French Government, who have devised a plan to meet the situation mainly through purchases of commodities from foreign sources.

They regret to find that, outside of the shipping difficulties as already described, financial difficulties often stand in their way in carrying out the above-mentioned plan.

Therefore the French Government would ask the Supreme Economic Council to recommend to the Associated Governments:—

1. That the Associated Governments as a whole (especially Great Britain and the United States) should take the necessary steps to ensure that the release of the several mercantile fleets should be proceeded with in a co-ordinate way, the ascertained essential needs being given due priority.

2. That, in view of the great importance, from a social point of view, of the present endeavours of the French Government to fight the high cost of living, it is essential that the plans devised by the French Government to that end should not be checked through financial difficulties.

FEBRUARY 24, 1919.

*Negotiations on this subject are at present in progress in London. [Footnote in the original.]

Appendix 3

*Note From the Food Section on the Finance of Food Supply to
Liberated Peoples*

The approximate cost per month of the minimum programme from the present outlook would appear to be:—

	<i>Dollars.</i>
Belgium	25,000,000
Poland	15,000,000
Czecho-Slovakia	13,000,000
Roumania	8,000,000
Serbia	5,000,000
Montenegro	600,000
Jugo-Slavia	2,000,000
Turkey	5,000,000
Russian Prisoners	750,000
Sundry	5,000,000
<hr/>	
Total	79,350,000

The American Relief Administration has been created by Presidential order for the purpose of giving effect to the American portion of the relief undertaken under co-ordination by the Supreme Council of Supply and Relief. Through the direction of the American Relief Administration, the foodstuffs put at the disposal of those various liberated countries upon credits or charity from the United States between February 1st and March 1st will be approximately as follows:—

	<i>Dollars.</i>
Belgium	26,000,000
Poland	8,000,000
Turkey	5,000,000
Roumania	5,000,000
Czecho-Slovakia	9,000,000
Serbia, Jugo-Slavia, and Montenegro	6,000,000
<hr/>	
Total	58,000,000

Preparations have been made by the American Relief Administration for the delivery of approximately \$55,000,000 worth of food during the month of March.

The financial solution of the balance of these programmes is urgently needed.

FEBRUARY 24, 1919.

Appendix 4

Note From the Food Section on the Finance of Food Supply to Austria, Hungary and Bulgaria

The problem of financing the balance of these programmes is earnestly recommended to the Supreme Economic Council. It is urgently necessary to complete some form of finance for these areas. The situation in Austria is of the most critical order. The monthly food requirements apparently amount to about \$12,000,000. Up to the end of February the Allied Governments, through the Italian Government, will have made an emergency sale to the Austrian Government of approximately \$5,000,000 worth of food and the American Relief Administration approximately \$250,000 worth of food, all for payment in kronen. This form of payment, however, is impossible of continuance.

Hungary will apparently need supplies later in the year, and some system of finance needs to be devised.

Bulgaria requires about \$2,500,000 worth of foodstuffs per month, and apparently has the resources with which to pay in cash if agreement can be reached amongst the Associated Governments, her case being practically akin to that of Germany. The American Relief Administration is endeavoring to complete the sale of \$2,000,000 worth of foodstuffs against Bulgarian balances in the United States, but there is some doubt as to whether these balances really exist.

FEBRUARY 24, 1919.

Appendix 5 (a)*[Memorandum From the Director General of Relief (Hoover), February 23, 1919, Regarding] Finance of German Food Supplies*

I attach hereto—

- (a) Memorandum by Sir John Beale (Appendix 5 (b)).
- (b) Report by British Food Investigation Mission to Germany (Appendix 5 (c)).
- (c) Report by American Food Investigation Mission to Germany (Appendix 6).

I wish to point out with all emphasis the urgency of this situation. Foodstuffs to the amount of approximately \$80,000,000 monthly must be delivered into Germany, beginning with the 1st March, and shipments must continue until one month after the blockade against Germany is withdrawn. It appears that the solution of the German financial problem could be reached either by (a) releasing the blockade,

(b) allowing Germany to part with her liquid assets to the value of \$80,000,000 a month, or (c) for the Associated Governments to consent to finance Germany to this amount for food.

The provision of some 30,000 tons of fats by the United Kingdom for gold and neutral currency is in progress, but, as will be seen by the above-mentioned reports, this is but a very small portion of the absolute necessities.

I understand the Swedish Government offers to supply the German Government 50,000 tons of flour under their own arrangements, the Swedish Government making conditions to re-import to Sweden a similar quantity, which contract we should be able to effect. We strongly recommend that this should be done.

H. HOOVER

Appendix 5 (b)

Memorandum From Sir John Beale Regarding Relief Supplies for Germany

1. Sufficient facts have now been collected to enable a statement to be prepared showing the position of the Allies in relation to the relief of Germany.

The situation appears to be one of the utmost gravity, calling for immediate consideration by the Supreme Economic Council and a decision on general policy before the next meeting with the German Delegates.

2. The Associated Governments have accepted a definite measure of responsibility for the prevention of famine in Germany by the utterances of their statement, and their participation in the formation of the Allied Supreme Council of Supply and Relief, and its work, as well as by becoming parties to the agreement of Trèves of the 17th January 1919.^{4a}

3. Though the present rations in Germany are very much below the Allied standard, there appears to be no doubt that the food supplies in a large part of Germany will be exhausted before many weeks are past; the date will vary in different localities, but in some, shortness will become apparent as early as the end of March or the beginning of April.

^{4a} *Der Waffenstillstand 1918–1919, das Dokumenten-Material der Waffenstillstands-Verhandlungen von Compiègne, Spa, Trier und Brüssel*, herausgegeben im Auftrage der Deutschen Waffenstillstands-Kommission mit Genehmigung des Auswärtigen Amtes (Berlin, 1928), band 2, p. 37.

For draft texts of this agreement, see BC-1, minute 3 and BC-1A, minute 4, vol. III, pp. 512 and 521.

This statement is founded, in the first instance, on information supplied by German Delegates at Conferences at Trèves and Spa in connection with the renewal of the Armistice. It is a significant fact that no report of any kind from any other source has been laid before the Council of Supply and Relief which would tend in any way to throw doubt on the accuracy of the statement of the general position put forward by the German Delegates or to lessen the gravity of the outlook. On the other hand, confirmation has been freely forthcoming. I would refer to :—

- (a) Military reports from the occupied districts.
- (b) The attached report compiled from personal observations of fourteen British officers who have recently returned from Germany.⁵
- (c) Extract from a detailed report of two of these officers who visited Hanover.⁵
- (d) A forcible statement by Dr. Frederick Ferriers, Chief of the Executive of the International Red Cross, who is convinced that the approach of famine is nearer than is understood by the Entente agents who have gone into Germany, and that the approach of starvation must result in Bolshevism.
- (e) Reports from Dr. Alonzo Taylor, who has recently returned from a Mission of Enquiry in Berlin for Mr. Hoover.⁶

4. It is difficult to establish the exact quantities of food required, but it should be noted :—

(a) That the agreement of the 17th January provided for a first instalment of 200,000 tons of cereals (for part of which condensed milk may be substituted) and 70,000 tons of fats, and the Council of Supply and Relief regarded this quantity at the time as a suitable basis for a monthly ration.

(b) The Germans themselves asked for approximately double this quantity including certain other commodities.

(c) Dr. Taylor suggests the following quantities as minimum requirements :—

320,000 tons flour or corresponding wheat monthly for six months.
 100,000 tons mixed pork products monthly for six months.
 10,000 tons condensed milk monthly for four months.
 10,000 tons vegetable oils monthly for four months.

After consideration of all the various reports received from the interior of Germany, it seems certain that Dr. Taylor's estimate is not on the high side. On the other hand, it seems equally certain that shipping, port and railway difficulties must prevent the importation and distribution of so large a quantity. In my judgment, the Supreme Economic Council ought to regard some such quantity as 200,000 tons

⁵ See appendix 5 (c), *infra*.

⁶ See appendix 6, p. 23.

of breadstuffs and 100,000 tons of fats and other commodities as a minimum to be worked to, and increased, if possible.

5. If, at their meeting on the 25th February, the Supreme Economic Council are able to solve the shipping and financial difficulties and give the Council of Supply and Relief instructions to proceed with the supply at once on this suggested minimum basis, it is certain that the food in such quantities cannot commence to arrive in Germany in regular monthly supplies before the middle or end of May at the earliest, though certain consignments can be arranged in the meanwhile.

6. Negotiations following the agreement of the 17th January have disclosed serious difficulties in relation both to finance and tonnage.

Finance.—Negotiations at Trèves and Spa in January and February have resulted in the Germans providing £26,000,000 in a manner acceptable to the Financial Delegates. This sum will pay for part of the first instalment of food, amounting to 30,000 tons of pork products, about 5,000 tons of condensed milk and a small quantity of other commodities. The financial report of the discussions at Trèves makes it clear that, though immediate payment may be forthcoming for the balance of the first instalment of foodstuffs, it is practically certain that it will be some considerable time before payment can be provided for later instalments. The minimum monthly supplies up to the end of August are estimated to cost some £150,000,000.

Tonnage.—The first part of the first instalment of foodstuffs for Germany will be provided from surplus stocks in the United Kingdom, and, since the Germans are not yet in a position to transact ordinary commercial business, and the bulk of the German tonnage is to be handed to the Allies, it is proposed to arrange the transport from the United Kingdom to Rotterdam by the Ministry of Food chartering such ships as are available—whether British or neutral—or by using American ships manned by the American Navy recently used for transporting coal from the United Kingdom to France for the American Army. At the present time, the United Kingdom holds large stocks of food, but in spite of this, it requires a certain amount of arrivals to enable distribution to be maintained from ports at which large stocks are not held. Both France and Italy are anticipating difficulty in arranging sufficient tonnage for the transport of supplies for liberated countries, who are, by declaration of the Allies, and on all moral grounds, entitled to priority over Germany, while there appears at present to be little or no prospect that German ships will be available in sufficient quantity to swell the volume of imports to a satisfactory figure before the month of May, at the earliest. In all of the Associated countries the process of release of shipping control is being pushed forward rapidly. Unless this process is checked, and,

indeed, control reimposed to some extent, it would seem impossible to provide sufficient tonnage.

7. Put shortly, the position is—

(a) The Associated Governments are not only pledged to provide relief for Germany, but must accept the fact that the need in Germany is so urgent that, if relief is not provided, anarchy must supervene.

(b) That the Allies are morally bound not to relieve Germany unless ample supplies are forthcoming for Allied and liberated countries.

(c) That the French and Italian Food Programmes threaten to become so much in arrear as to cause anxiety, while there will be difficulty in providing adequate supplies for liberated countries.

8. The conclusions I arrive at on the general question are as follows:—

(1) The food situation in Germany is already serious, and will, unless drastically helped from outside by immediate action, be desperate in a few months, so that Germany will probably be overtaken by economic and political disaster, with consequences which may spread to Allied countries.

(2) It is impossible, under present conditions, which require Germany to pay in actual cash for all food she receives, for the Associated Governments to supply food in sufficient quantities to meet Germany's needs, and it is, therefore, difficult to see how the Associated Governments can escape some measure of responsibility unless the blockade is lifted promptly so far as food is concerned, and Germany is left free to make her own importation arrangements.

(3) It seems essential that Peace (or Preliminary Terms of Peace) should be settled immediately, since the Blockade must be retained as a lever to secure acceptance of the Terms.

Meanwhile, it is the duty of the Associated Governments (and, indeed, a necessity in their own interests) to arrange a steady flow of supplies to Germany to such extent as the prior claims will permit. For this purpose, large credits must be provided, and so far as they cannot be furnished by the Germans, should be made a first charge on future payments by that country, and a substantial volume of shipping must be made available by the Associated countries until German shipping is forthcoming.

J. FIELD BEALE

PARIS, February 21, 1919.

Appendix 5 (c)

*Combined Report on Food Conditions in Germany During the Period
January 12 to February 12, 1919*

1. *Introductory.* The following report has been compiled from the personal observations of fourteen British officers who visited parts of Germany during the above period to carry out special investigations.

The chief places visited were Berlin, Munich, Hamburg, Hanover, Leipzig, Dresden, Magdeburg, and Cassel.

Of the officers who carried out these investigations, Captain E. W. Tennent is working director of C. Tennent, Sons and Co., Ltd., Metal and Chemical Merchants; Lieutenant H. A. Rose is a barrister practising at the English Bar; Captain C. W. Bell is an employé of an important Indian Trading firm; Captain W. Stewart Roddie is employed by the Treasury.

2. *Employment and Labour Conditions.* Unrest and disturbances are diminishing owing to the more stable political conditions and the firm line adopted by Noske, the Minister of National Defence, whose position has been very much strengthened against the Spartacus movement by the large combined Social-Democratic majority in the newly-elected National Assembly.

At the same time, unemployment, accompanied by an inevitable rise in the cost of living, is on the increase. In Berlin this increase is estimated at 5,000 a day, the number of unemployed being over 200,000. In Hamburg the number is 72,000, in Munich 32,000, and in Leipzig 22,000.

This great and constant increase in unemployment is due to the rapid demobilisation of the army of war industries, coupled with the inability of peace industry to get started, owing to the dearth of raw materials and coal. Concomitant causes are:—

- (a.) Reluctance on the part of capital to embark on fresh enterprises.
- (b.) High prices and wages prevailing.
- (c.) Lack of will to work on the part of the workers; partly due to idleness and the high unemployment grants, partly to the physical and mental inertia engendered by malnutrition.

This increase in unemployment forms the most dangerous element in the present situation, especially where the large industrial centres are concerned. Unemployment and hunger are the chief predisposing causes of Bolshevism, and if these are removed there is no chance of Bolshevism gaining foothold in Germany.

3. *Coal and Transport.* All over Germany, except actually in the coalfields areas, industry is stagnant and shutting down altogether owing to the lack of coal. The Silesian and Saar Valley coal supplies have been entirely cut off; coal is still being raised in Westphalia, but over a million tons are waiting at the pit-mouth for lack of transport facilities.

Railway transport has been crippled throughout the country owing to the enormous quantity of rolling-stock lost since last November. To the number handed over under the terms of the Armistice must be added a great quantity abandoned and lost on all fronts, especially in the East, since last November. This applies more especially to

locomotives. At the same time, the facilities for repairing locomotives have decreased considerably owing to the lack of essential raw materials. Throughout Germany the average percentage of locomotives undergoing repair has increased from 17½ to 40 since August, 1914.

In the Hanover district the number of locomotives in peace time was 1800, of which 1,450 were in continual use; at the time of the Armistice 1,300 were on charge, and on the 6th February, 1919, only 850 remained, of which 35 to 40 per cent. were worn out and incapable of repair. Many of the best heavy locomotives have had to be handed over to the Allies, consequently the passenger traffic has had to be reduced to 29 per cent. of the normal.

The transport difficulties in the north-east of Germany have been still further enhanced by the cessation of the coasting trade between the Baltic and North Sea ports since the Armistice.

4. *Food.* The shortage of staple articles of food throughout the country is such that the mass of the population are living upon rations which, whilst maintaining life, are insufficient to nourish the body adequately. Mothers and young children are particularly affected. Malnutrition has increased the mortality and diminished the birth-rate; it has given rise to new diseases (e. g., war oedema and "mangold wurzel disease"), besides aggravating the previously known ones.

It is difficult to confirm the accuracy of the official statement as to the dates on which the present food-stocks will be exhausted. These dates vary for different districts in proportion to the local transport and agricultural conditions; Saxony, for instance, is in a particularly unfortunate position, being an industrial district cut off from her normal agricultural resources.

In general, the following terminal dates given by the Central Food Office in Berlin are probably generally correct:—

Breadstuffs	Beginning of April, 1919.
Potatoes	End of May, 1919.
Fats	End of March, 1919.

The meat ration can be continued indefinitely at the cost of the slaughtering of all milch-cows and breeding-stock.

In Saxony, however, the official date for the cessation of potato stocks in [is] the middle of February, in Bavaria the end of February, and in Hamburg the end of March.

The above estimate of the continuance of the meat ration seems to be optimistic, considering that in Hamburg and Hanover cows in calf, milch-cows, and draught oxen are being already slaughtered, as well as 8-day calves.

Given normal weather conditions during 1919, the coming harvest is expected to yield only half the average pre-war crop.

5. *General conclusions.* The general impressions of all the visiting officers is that the need for revictualling Germany is really urgent. The country is living on its capital as regards food supplies, and either famine or Bolshevism, probably both, will ensue before the next harvest, if help outside is not forthcoming. The need of fats is especially urgent.

The present social and political condition of Germany is sufficiently stable to guarantee the orderly distribution of food under the existing rationing machinery.

On the other hand, while Germany is still an enemy country which has not yet signed Peace Terms, it would be inadvisable to remove the menace of starvation by a too sudden and abundant supply of food-stocks. This menace is a powerful lever for negotiations at an important moment. It is still impossible to gauge the period within which Germany's military power could revive, although there is no immediate danger on this score. The allotment of foodstuffs should be carefully controlled, but, provided they are handed over to the authorised representatives, there seems no reason for anxiety as to their ultimate equitable distribution.

MILITARY SECTION,

BRITISH DELEGATION, February 16, 1919.

Report by Captains E. B. Trafford, Scots Guards, and D. Christie Miller, Coldstream Guards, on their visit to Hanover, from the 2nd February, 1919, to the 10th February, 1919, where they had been sent by the Armistice Commission, Spa, for the purpose of enquiry into and reporting on the economic situation as regards food:—

Before making our report, we should like to say that we were prisoners of war in Germany for 40 months—the ten worst months were spent in the Hanover Army Corps Command, notorious for its ill-treatment of prisoners. We have been during our captivity spat at by a German officer and made to perform menial tasks in the presence of German non-commissioned officers and men. We can, therefore, hardly be accused of having any friendly feeling towards them.

6. *Economic Life.* Although this is a military report, we feel it our duty to add a few words on the economic situation as regards food.

We studied the question of food and its issue most closely. We visited the largest factories and interviewed deputations of workmen. We paid surprise visits to workmen's tenements, to one school, and many large shops, and examined their stocks. We had interesting interviews with the Police President, the manager of the Dresdner Bank, and other public men, about food, political, and financial questions.

There cannot be the slightest doubt that Hanover district and town are extremely short of food. There is at present quiet, but an under-current of Bolshevism may very easily come to the surface. They estimate that they cannot hold out after the 1st May, as they are three months short on their last harvest. No milk, except for children under six and a few sick people. Milk cows are slaughtered for food and tuberculous cattle eaten.

The manager of the Dresdner Bank estimates that throughout Germany about 1,000,000 men were at this moment doing no work and drawing about five to eight marks a day. He was partially satisfied with the new Government, but not quite, as they were not strong enough. With his 43 years' business experience, he had not the slightest hesitation in saying that, if the extremist movement were to spread, not only Germany but the whole of Europe would be engulfed.

7. *Summary.* We have not the slightest hesitation in saying that—

- (a) The situation is at present quiet in Hanover.
 - (b) The food shortage in Hanover is very serious indeed.
 - (c) Serious internal disorders are certain to break out if food (especially fats) is not soon forthcoming.
 - (d) That there is a great shortage of engines and rolling-stock, particularly the former.
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Appendix 6

[*Report by the American Food Investigation Mission to Germany*]

MR. HERBERT HOOVER, Director-General,

Supreme Council of Supply and Relief.

FEBRUARY 22, 1919.

SIR: We have the honour to present herewith, on the basis of personal observation, examination of official statistics and conference with German Government officials and technical experts, the following summarised statement of nutritional conditions in Germany, with recommendations covering the period to the 1st September, 1919. The complete data will be filled later, *in extenso*, in a formal general report.

1. The agricultural statistics indicated in September, 1918, that the supplies available to Germany from her domestic production would represent about eleven months' food supply at a ration approximating the mean of the past two years, excluding the critical summer months of 1917 and 1918. In September it was the belief of the German authorities that the requirements for the twelfth month with the continuation of hostilities could be covered with comestibles drawn from the occupied areas.

2. With the collapse of the military forces and the signing of the Armistice, not only were all seizures from occupied territory pre-

vented, but at the same time considerable amounts of foodstuffs already in hand were lost directly, and other amounts escaped the hands of the authorities and entered into private trade. In addition it was necessary at once to raise the ration beyond that previously enforced. The Germans suggest that the total of the foodstuffs therein involved might represent a three months' supply on a minimal basis.

3. The control of illicit trading has been greatly reduced under the new Government and the morale of distribution seriously undermined. Because of this, a further loss in the supply of controlled food has resulted.

4. The sum of these considerations leads to the conclusion, which is supported by estimates which have been derived from authorities in charge of food affairs in cities exceeding 30,000 inhabitants, that the machinery of distribution will, after the 1st May, be unable to supply large sections of the German industrial population with foodstuffs, and large classes of non-producers will be reduced to competitive illicit traffic in foodstuffs. This estimate of date may be too early or too late, depending upon industrial, economic, and political considerations, the exact development of which, in time and extent, one does not presume to estimate in a casual opinion.

5. The German Food Administration and the scientific experts to whom the Administration has entrusted the technical evaluation of their food resources have suggested the following programme as covering their requirements up to the new harvest in a manner that will be satisfactory, under the circumstances, and provide a better ration than is at present available:—

MONTHLY PROGRAMME FOR SIX MONTHS

Wheat flour, 320,000 tons, or wheat in part, as determined by the seller (80 parts of flour corresponding to 100 parts of wheat). The Germans would accept a small amount of rye, if of high extraction; they do not wish barley flour; they would accept rice or rolled oats in small part, but only if at equal prices.

One hundred thousand tons mixed pork products, including lard substitutes.

Ten thousand tons vegetable oil per month for four months, for margarine.

Ten thousand tons condensed milk per month for four months, if available; otherwise the lacking amounts to be delivered in terms of vegetable oil.

It is our judgment that these imports, plus domestic stocks, would not represent a per capita ration of over 2,400 calories per day. The intake of the industrial classes would be materially lower than this figure.

The Germans also desire 200,000 tons of maize per month for five months, or a corresponding amount of oil cake. This is to be regarded as a programme of secondary order, since German financiers and leaders of industry recognise that this item stands upon a different footing from the others. The maize and oil cake would not be fed to any considerable extent to dairy cattle, but would go to meat production (which pays the producer better than dairy production), and would yield no meat in material amounts until late in the summer.

The Germans own somewhere between forty and fifty thousand tons of fish products in Scandinavia. It is recommended that they be permitted to import this at once. We further recommend that fishing in the North and Baltic Seas be thrown open to the German fishing fleet, under such conditions of regulation and control as the Supreme War Council and Supreme Economic Council may dictate.

We wish to record the judgment that the admission of these food-stuffs into Germany will operate in the direction of maintenance of public order and social tranquillity. At the same time, we wish to point out that (*a*) hunger is only one of three elements operating in the direction of Bolshevism, the other two being (*b*) lack of employment, and (*c*) dissatisfaction with the results of the revolution and the character of the present Government—since large elements of the working classes are convinced that under the elected Government, as at present constituted, the principles of social democracy, with respect to socialisation of what they denominate public industries (such as coal mining), are not to be carried out. In addition, they believe that the policies of the National Assembly do not sufficiently tend to promote measures destined to transfer the load of payment of war cost and war indemnity from the working classes to the capitalistic classes, who are commonly regarded by the working classes as equally guilty with the military classes in the causation of the war.

VERNON KELLOGG
ALONZO ENGELBERT TAYLOR

Appendix 7

Note From the Food Section Regarding Finance of Food Supplies for the Left Bank of the Rhine

This problem has been urgently called to the attention of the Permanent Committee¹ by Marshal Foch, and numerous discussions have taken place. As yet, no real solution has been reached. Marshal Foch considers it extremely important from a military point of view

¹ Permanent Committee of the Supreme Council of Supply and Relief.

that this provisioning should be separated from the provisioning of the right bank of the Rhine, and there seems to be general agreement that it should be carried out under the auspices of an Inter-Allied Military Committee, to be set up under the High Command and reporting to the Permanent Committee.

There are two or three alternative methods of finance:—

(a) That a certain portion of the foodstuffs furnished to Germany under some general plan of German finance for the whole of Germany should be assigned to the east bank of the Rhine.

(b) That as the provisioning of the civil population under occupation is of prime military importance to the occupying armies, it should be undertaken by the armies themselves from their own funds.

(c) That freedom to trade in foodstuffs between the east bank of the Rhine and adjoining countries, neutral and Allied, should be freely permitted. The latter solution would probably be only partial, but it might be contributory of considerable value, as neutral and Allied merchants would no doubt work out a great deal of credit and payment machinery of their own.

FEBRUARY 24, 1919.

Appendix 8

[*Letter From the President of the Allied Maritime Transport Council (Salter) to the Secretary of the Supreme War Council]*

BRITISH DELEGATION,
PARIS, February 4, 1919.

SIR: I have the honour to inform you that the Allied Maritime Transport Council, which met in formal Session on Saturday, the 1st of February, and Tuesday, the 4th, unanimously passed the following resolutions, and decided to submit them to the Supreme War Council for approval by the Associated Governments:—

“1. In arranging for the allocation for management and employment of enemy tonnage, the Allied Maritime Transport Council have done so on the understanding that the ultimate disposition of the vessels by the Terms of Peace shall be in no way prejudiced, and that in order to mark the fact that the vessels are being administered in the meantime in trust for the Associated Governments as a whole, they will fly at the poop (or, in the case of vessels manned by naval officers and crews, at the fore) the flag of the Allied Maritime Transport Council, as well as the national flag of the country undertaking management. The Council recommend that each of the Associated Governments should make a definite declaration in the above sense, including a statement that in discussing the question of the ultimate disposition of the vessels they will find no argument on the allocation for the management or service of the vessels in the meantime.

“2. The Allied Maritime Transport Council desire to point out to the Supreme War Council that no Allied Council is at present vested

with sufficient authority to deal with all enemy shipping questions or with the provision of tonnage, whether Allied or enemy, for relief purposes. The agreement concluded with the German Government on the 17th January, 1919, included a provision to the effect that the Associated Governments would arrange for the administration of the German vessels handed over, either through the Allied Maritime Transport Council or through some other body which they might create or designate for the purpose. No such appointment has yet been made. The Council are prepared to accept the responsibility if the Supreme War Council desire them to undertake it, but they would desire in that case that a definite and explicit decision of the Supreme War Council should invest them with the necessary authority. Apart from the German ships, no central Allied body is entrusted with the settlement of the numerous questions arising in regard to the acquisition, allocation, and use of Austrian vessels. The allocation has, in fact, been made in many cases through naval commissions in the Adriatic, in Spain and elsewhere, but in cases where agreement through those local commissions has not been arrived at there has been no central body to settle the points in dispute. The Allied Maritime Transport Council have, in fact, been arranging the employment of such vessels as have been brought into service, but again they have had no specific authority from the several Governments. The Council suggest that the Supreme War Council might find it convenient to appoint the Allied Maritime Transport Council as a central authority for dealing with enemy shipping questions generally including authority to direct the allocation or re-allocation for management or use."

The Allied Maritime Transport Council venture to urge the extreme importance of an early decision being given. In the case of the first resolution, approval will doubtless be regarded as of a formal character, in view of the fact that the representatives of the Allied Governments agreed unanimously to its terms and that it deals with a matter within the scope of the Council.

The second resolution refers to the scope of the authority of the Council; the Supreme War Council will doubtless consider whether it is desirable to assign the proposed authority to the Allied Maritime Transport Council, or to some other body. The Council, however, desire in this instance also to emphasise the extreme importance of an immediate allocation of the authority proposed either to themselves or to some other body.

I am [etc.]

J. A. SALTER

Appendix 9

Extracts From Minutes of Proceedings of the Allied Maritime Transport Council

As regards Resolutions 1 and 2, it is understood that the words "enemy tonnage" should mean "enemy tonnage acquired or to be

acquired after the signing of the Armistice of the 11th November, 1918."

It is further understood that the responsibility which the Allied Maritime Transport Council has taken upon itself in Resolution 2 is the allocation and re-allocation of enemy tonnage, for management by one or the other of the Associated Governments and for their use; as well as the responsibility of the financial arrangements regarding the handing over and the use of the ships.

It is also understood in connection with Resolution 2 that, in accepting final responsibility, the members of the Maritime Transport Sections of the various countries do not hold themselves responsible as to whether it is absolutely essential to make use of the power of requisitioning in order to procure national tonnage to be used in case of relief.

It is understood that the authority granted to the Allied Maritime Transport Council does not apply to the granting or temporary re-granting of ships, and does not in any way affect the final disposition of the ships after Peace.

Resolutions 1 and 2 were submitted to the Supreme War Council for approval on the 21st February, 1919.

Appendix 10

Note From the Food Section [Dated February 23, 1919,] Regarding the Provision of Shipping for Transportation of Food

The Permanent Committee strongly recommends that the shipping members of the Supreme Economic Council shall take at once into consideration the systematic provision of shipping for the purposes of food transportation. It must be obvious that the German cargo tonnage will not be available for some time, either for German transportation or to relieve the pressure to liberated countries, and that in the meantime Allied shipping must be provided. At the present moment the American Shipping Board is providing the entire shipping for fully one-half of the needs of the liberated countries, and they advise that they cannot longer continue to take such a portion of the burden, in view of their other obligations.

Appendix 11

Report of Sub-Committee on Re-establishment of Communications in Eastern Europe

1. The Sub-Committee confirm General Mance's Memorandum of the 25th January as correctly representing the situation, and emphasise

the necessity for prompt action to prevent the situation from getting worse.

2. They recommend the appointment of a Technical Executive Committee of the Allied and Associated Powers capable of rendering assistance, with the following terms of reference :—

(a) To organise and co-ordinate the necessary urgent assistance for the maintenance, improvement, and operation of the existing port, railway, and telegraphic facilities, with a view to the earliest possible return to normal conditions :—

- (1) In pre-war Austria-Hungary and Eastern Germany.
- (2) In European countries further to the east, including pre-war Russia.
- (3) In any other country indicated by the Supreme Economic Council.

(b) To apportion the necessary action between the Allies with a view to the most effective solution.

(c) To organise immediate despatch of the necessary Technical Missions.

(d) To arrange for the earliest supply of essential materials within the financial limits laid down.

(e) To arrange adequate control of expenditure allotted through the Technical Executive Committee.

(f) To report to the Supreme Economic Council.

3. In order to meet the barest necessities of the above countries during the period of transition, the Sub-Committee recommend that a sum of twenty millions sterling should be allotted to the proposed Technical Executive Committee; this being only a small percentage of the requirements put forward by the countries themselves. This amount can only be regarded as a tentative estimate of the direct assistance which may be necessary until such time as essential requirements can be met through the ordinary trade channels.

The expenditure would, in any case, be spread over several months, but the nature and extent of the immediate assistance would depend on the total sum likely to be available.

4. It is essential, both in the interests of efficiency and ultimate economy, that the financial procedure should be such that supply is not delayed by the need for prior financial adjustment between the Allied and Associated Powers before expenditure is incurred. It is therefore suggested that, if possible, funds should be advanced in each case by the Power arranging for the country of origin of any article, any Inter-Allied adjustments being made subsequently as a matter of accounting.

The Sub-Committee assumes that a financial, as well as a technical representative, would be appointed to the proposed Executive Committee by each Power represented thereon.

5. The Sub-Committee indicate the following lines on which the proposed Executive Committee might act:—

(a) In the case of each country assisted by the Committee, allot responsibility to one of the Powers represented on the Executive Committee for sending immediately a Technical Mission, and for effecting the necessary supply of essential material.

(b) Define the duties of the Technical Missions, whose principal functions will be to examine the conditions of the ports, railways, telegraph, and telephone systems of each country; to report what essential materials are required, and in what other ways effective assistance should be rendered; to act as technical advisers to the local administration wherever necessary, and, where necessary, to exercise temporary control of operations to assure the maximum use of the resources available and to regulate through traffic. Copies of the reports of the Technical Missions to be submitted to the Executive Committee, and instructions to the Missions issued through the Power providing the Mission.

(c) In order to give these Missions an Inter-Allied complexion, lay down that the other Powers on the Committee may and, at the request of the Committee, shall appoint liaison officers, who will not, however, be responsible members of the Mission.

(d) Lay down general principles regarding the nature of the supplies which may be undertaken by the Committee.

(e) Give to the responsible Power concerned provisional authority for the expenditure of a specific amount for each country assisted to cover the preliminary supply of most urgent materials.

(f) Arrange for up-to-date statistics and reports on expenditure, and for adequate control of expenditure without delaying the same.

(g) Encourage, in every way possible, the supply of the necessary requirements through any available trade channel.

G. GASSOUIN

General, representing Minister of Public Works and Transport

LAZZERINI

Captain, representing Signor Crespi

W.M. G. ATWOOD,

Lieutenant-Colonel, Engineers, U. S. A.

H. O. MANCE

*Brig.-General, British Representative,
Chairman of Sub-Committee*

FEBRUARY 22, 1919.

Supreme Economic Council: Third and Fourth Meetings Held at the Ministry of Commerce [on 1st March, 1919, at 5:30 p. m., and 3d March, 1919, at 2:30 p. m.]

The Supreme Economic Council held its Third Meeting on the 1st March 1919 at 5.30 p. m. under the Chairmanship of Mr. Hoover and its Fourth Meeting on 3rd March 1919 at 2.30 p. m. under the Chairmanship of Signor Crespi.

The Associated Governments were represented as follows:

GREAT BRITAIN	Lord Robert Cecil Mr. J. Keynes Sir Wm. Mitchell Thomson Sir Llewellyn Smith
U. S. A.	Mr. McCormick Mr. Hoover Mr. Norman Davis Mr. Baruch Mr. Robinson
FRANCE	M. Clémentel M. Loucheur
ITALY	M. Crespi M. Chiesa

20. Instructions to Delegates at Spa Conference.

On the recommendation of the Blockade, Food, Finance and Shipping Sections the instructions to the Delegates at the Spa Conference were agreed in the form in which they appear in the documents attached hereto, viz:—

- | | |
|--------------|------|
| (a) Blockade | (12) |
| (b) Finance | (13) |
| (c) Shipping | (14) |

It was agreed:—

- (a) that the following reservations should be placed on record:—
- (i) that in connection with Clause 2 of the Finance instructions the American Authorities could not bind themselves to accept the actual goods exported but would agree to take in payment the value of such exports or other assets only in an acceptable form.
 - (ii) The American delegates stated they would have to record a reservation in case the drafting of the list should be construed as formulating the principle that Germany shall not be allowed to export anything which is competitive with products of the Associated Governments.

(b) that the Delegates to the Spa Conference should be instructed urgently to impress upon the German Delegates the necessity, in order to secure the maintenance of order and to facilitate further supplies of food to Germany, of the Germans working and producing commodities the value of which might be converted into credits for the payment of food.

21. Replacement to Neutrals of Food Shipped to Germany.

With reference to Clause 2 of the Blockade instructions it was agreed that the Northern Neutrals and Switzerland should receive credit against their rations of food and food products to the extent to which they ship food and food products to the liberated or enemy countries for relief purposes, providing the shipment of food and food products are made under the joint control of the Food and Blockade Sections of the Supreme Economic Council.

22. Powers of Communications Committee.

It was reported that the question had arisen as to whether the Communications Committee in reporting to the Council should make specific recommendations or merely state their findings.

It was agreed that they should make recommendations to the Council.

23. Financial Arrangements for Relief of Countries Other Than Germany.

The outstanding Clauses of the Finance Section Report (viz: 3, 4, 5, 6, 7, 8, 9 and 15) were acted upon as follows:—

1 (ex. 3). Credits to enemy countries other than Germany.

"That credits to enemy countries other than Germany be granted only in the event of no cash assets being available for payment: that the best available non-liquid assets be taken as collateral security against such credits: and that their repayment be a first charge on the future resources of such country ranking in front of any payment for reparation or indemnity. The above principle is established in respect of credits not exceeding \$60,000,000 in the first instance."

Agreed with the following reservations:—

(i) That the U. S. Treasury is not empowered to make such loans excepting insofar as the Christian population of Turkey is concerned.

(ii) The Italian and French Delegates agreed to this only in this specific case which should not be construed as a precedent in other cases.

2 (ex. 4). Credits for liberated countries.

"That relief and reconstruction credits to Belgium, Poland, Czechoslovakia, Roumania, Serbia, Montenegro, Jugo-Slavia, and the Baltic States be made a first charge against any receipts by these countries from the enemy in respect of reparation or indemnity."

Agreed, the French and Italian Delegates making the same reservation as in the instance of paragraph 3 above.

3. Finance of supplies for Austria.

(a) ex. 5. "In order to secure immediate action for the finance of food supplies required in German-Austria to prevent extreme hardship and starvation and the spread of anarchy the following arrangement is proposed :—

"That Great Britain, France and Italy agree to advance credits in equal thirds up to a maximum of \$30,000,000 between now and the next harvest to finance such food supplies as may be consigned to German-Austria under the direction of the Supreme Economic Council inclusive of those already provided under provisional arrangements, it being clearly understood that the above figure is a maximum and that the question of actually opening credits up to this amount depends on the progress of events and the decisions of the Economic Council from time to time."

Agreed, the French and Italian Delegates making the same reservation as in the instance of paragraph 3 above.

(b) ex. 6. Clause 6 was amended and agreed in the following form :—

"That as security for such credits the Austrian Government should formally agree to place at the disposal of a Commission or Commissioners representative of the three leading powers a suitable lien on (a) the salt mines in Austria, (b) the properties of the City of Vienna, and (c) such other assets as may be agreed upon, in Austria, immediate steps being taken in the case of the salt mines to clear these mines of all prior claims."

(c) ex. 7. Clause 7 was amended and agreed in the following form :—

"That an Inter-Allied Commission be appointed of three or four members with a view to taking the necessary steps to make arrangements for due repayment of the credits out of the income of the above properties or otherwise."

(d) ex. 8. "That the repayment of such credits be a first charge on the future resources of Austria, ranking in front of any payment for reparation."

Agreed, the French and Italian Delegates making the same reservation as in the instance of paragraph 3 above.

4 (ex. 15). Argentine cereals for Austria.

Clause 15 was amended and agreed in the following form :—

"The Associated Governments are prepared to allow imports of cereals from the Argentine into German Austria up to a maximum of 30,000 tons provided German Austria is able to make its own financial arrangements subject to the approval of the Financial Section of the Supreme Economic Council.

The Associated Governments are prepared to transmit through the Wheat Executive to addressees in the Argentine cable messages from

the Austrian Government properly and necessarily arising out of the proposed transactions. In the event of contracts being arranged by Austria the Associated Governments will as far as possible facilitate shipping arrangements, any costs being charged by the Associated Governments providing the Shipping against credits available for the purpose accruing to the Austrian Government in respect of the Austrian Mercantile Marine under the management of the Associated Governments."

5 (ex. 9). *Finance for supplies for Bulgaria.*

"That the Financial Section recommend for the approval of the Supreme Economic Council the proposed sale of two million dollars worth of foodstuffs by the American Relief Administration to the Bulgarian Government, to be paid in gold or such liquid assets as may be acceptable to the American Relief Administration."

Agreed.

It was further agreed that the question of providing a permanent method of finance for the relief of Bulgaria should be referred to the Finance Section for consideration.

Appendix 12¹

Instructions to the Delegates at the Spa Conference

BLOCKADE

With reference to paragraph 5 of the financial instructions, the Associated Governments are prepared to permit the importation of foodstuffs into Germany from the northern neutrals and Switzerland within the quantities already approved by the Supreme War Council and under the control of the Supreme Economic Council.

2. In regard to exports from Germany to neutral countries, in order to furnish means of payment for food bought by Germany, the list of articles which Germany is not allowed to export will be prepared by the Raw Materials Section of the Supreme Economic Council.

Appendix 13

Instructions to the Delegates at the Spa Conference

FINANCE

For the time being, and at least during the period of the Armistice, no arrangement can be contemplated which would involve the grant

¹ Appendixes 12 to 14 are filed separately under Paris Peace Conf. 180.0501/33.

of a loan or credits of any kind by any of the Associated Governments to Germany.

2. Germany must be required to pay for such food or other supplies as it has been decided by the Supreme War Council to supply to her directly from any of the associated countries (say a total of 270,000 tons of foodstuffs), out of whatever liquid assets or exports can be obtained from her within the period of the supply in question (giving preference to credits arising from exports of raw materials, such as coal, potash, timber, and of manufactured commodities, such as dye-stuffs, but not excluding gold or other liquid assets, in so far as such exports are not immediately realisable for payment of food), such assets to be finally transferred to the Ally or Associate to whom payment is due for the said supplies.

3. With reference to proposals set forth at the Financial Conference at Trèves, 14th to 15th February :—

(a.) The Associated Governments are prepared to allow the net proceeds of the sale of German cargoes which are or are about to be discharged in neutral ports to be utilised for the purchase of foodstuffs.

(b.) The Shipping and Raw Materials Sections of the Supreme Economic Council have been asked to take all possible measures for obtaining an estimate of the value of the goods and for expediting and organising their realisation.

(c.) All reasonable facilities are to be given for communication between the persons responsible for realising the goods in neutral countries and the owners in Germany.

4. The Associated Governments are prepared to allow imports of cereals from the Argentine into Germany up to a maximum of 100,000 tons in the first instance, in addition to the quantities mentioned in Clause 2 above, but as a part of such subsequent instalments as may be granted by the Supreme War Council, provided the German Government are able to make their own financial arrangements subject to the approval of the Financial Section of the Supreme Economic Council.

The Associated Governments are prepared to transmit through the Wheat Executive to addressees in the Argentine cable messages from the German Government properly and necessarily arising out of the proposed transactions. In the event of contracts being arranged by Germany, the Associated Governments will, as far as possible, facilitate shipping arrangements, any cost being charged by the Associated Government providing the shipping against credits available for the purpose accruing to the German Government from each Associated Government in respect of the German Mercantile Marine under

² See *Der Waffenstillstand 1918–1919*, band 2, pp. 46–63; for texts of financial arrangements of February 16, supplementary arrangement, and minutes of the conférence see *ibid.*, pp. 64–77.

the management of the Associated Governments. It must be clearly understood, however, that no shipping arrangements can be commenced until a substantial number of German vessels have left German ports for ports of delivery, and the future supplies of Germany must largely depend upon the date at which the German vessels are available for loading in the countries of origin.

5. The Associated Governments are prepared to inform the Governments of neutral countries that, under the control and with the approval of the Supreme Economic Council, they will raise no objection to the grant of credits by banks or other institutions or individuals in neutral countries to the German Government or its nationals, provided arrangements are made for the transfer of the net proceeds of such credits in payment for food supplied to Germany.

Germany shall not, however, export, or make use of, any securities prohibited by the Armistice, without the approval of the Associated Financial Representatives.

6. The Associated Representatives, having in view the understanding that the provisioning of the left bank of the Rhine will be distinct from that of the right bank, and will be placed under the authority of the High Command of the Associated Armies, will notify the German Representatives that an appropriate proportion of any finance which is arranged shall be assigned for the payment of food supplies for the left bank of the Rhine, the interchange of local food-stuffs between the left and right banks of the Rhine being arranged for in such cases as are desirable.

NOTE.—In the meantime, no financial objection is raised to the Associated Armies providing or continuing to provide as an interim measure such food supplies as are urgently required to the civilian population of the occupied areas against payment in marks, the redemption of such marks to be a first charge on the available means of redemption.

7. There are various assets to be transferred from Germany, the amount and date of transfer of which are at present uncertain, namely:—

- (a) Exports: Coal, potash, dyes, timber, &c.
- (b) Proceeds of cargoes sold in neutral ports.
- (c) Foreign securities to be requisitioned.

Pending the realisation of these assets, the Delegates are authorized to agree to furnish food to a further value of 11,000,000L (in addition to 6,000,000L already arranged) for eventual payment out of the above assets, subject to the German Delegates agreeing to deposit gold in the Banque nationale de Belgique, with right to the Associated Governments to transfer to neutral bank or banks, as collateral, pending realisation, the gold to be returned to Germany *pari passu* with realisation.

Appendix 14*Instructions to the Delegates at the Spa Conference***SHIPPING**

The Supreme Economic Council instructs the Shipping Representatives to demand from the German Representatives a statement that the German Government will proceed with all possible despatch to surrender the German merchant fleet in accordance with the Armistice of the 16th January,³ the Trèves Agreement of the 17th January, and the terms of the attached statement.

STATEMENT

1. *Vessels to be excepted.*—Paragraph 1 of the Trèves Agreement of the 17th January provides for—

“the whole of the German merchant fleet (including all passenger and cargo vessels, other than those excepted by a Commission which shall be set up by the Associated Governments) to be placed immediately at the disposal of the Associated Governments.”

The Associated Governments are prepared, for the moment, to except provisionally (a) sailing vessels, and (b) vessels under 1,600 tons gross register having no passenger accommodation.

The Associated Governments are not at this stage prepared to grant final exemption in respect of any vessels, but must reserve the right to claim at a later date any vessels now provisionally excepted.

2. *Vessels in neutral ports.*—The Associated Governments require that the German Government shall forthwith deliver a written statement to the effect that all German vessels now in neutral ports are formally handed over to the Associated Governments. They also require that, in so far as action has not already been taken, the German Government shall at the same time inform each neutral Government that the Associated Governments have in consequence authority to send inspectors to examine the vessels and take all other measures that may be necessary to bring the vessels to ports in the territories of the Associated Governments. The German Government shall simultaneously secure that the German owners inform their local agents to the same effect, adding at the same time that they should place themselves at the disposal of the Associated Governments to give any information, advice, or assistance which may be required in connection with the preparation of the vessels for sea. Where the German Government is unable to secure the immediate cabling of a communication to the local agents, they shall at once telegraph a

³ Vol. II, p. 11.

statement of the names and addresses of such agents to the Naval Armistice Commission.

3. *Financial arrangements.*—The terms of the Armistice of the 16th January provided that “pour l'utilisation de ces navires il sera attribué une rémunération appropriée qui sera fixée par les Gouvernements alliés.” Accordingly, the Associated Governments have come to the following conclusion:—

A rate of hire will be assigned for each vessel and will be credited to the German Government and not paid to the German shipowner. The Associated Governments cannot credit a higher rate in respect of any German vessel than the lowest rate which is being paid for a similar class of vessel by any Associated Government to its own ship-owners. They do not, however, intend to credit a lower rate of hire than is determined by this principle. The hire so credited will be accepted by the Associated Governments in payment of supplies to Germany.

4. *Crews.*—With reference to the provisions of paragraphs 5 and 6 of the Agreement of the 17th January, the Associated Governments will not retain German crews after the delivery of the vessels, at any rate, in so far as the vessels to be delivered in the immediate future are concerned. The crews will be repatriated at the expense of the Associated Government to whom the vessel is delivered.

The Associated Governments will require the German Government to arrange for a competent engineer officer and several other competent persons to remain on any ship in regard to which instructions to this effect are given, for such period as may be required after the delivery of the vessel. Instructions on this point will be transmitted through the Naval Armistice Commission before the vessel is ordered to sail.

The Associated Governments retain the right given in paragraph 5 of the Agreement of the 17th January, to place an armed guard on board vessels whether at the time they first leave their present ports for so long as the German crews remain on board, or in cases where German crews are retained for service after delivery of the vessel.

5. *Flag.*—Paragraph 4 of the Agreement of the 17th January provides that “German ships shall put to sea under an Allied flag or flags.”

Vessels leaving German ports of delivery shall fly at the stern the flag of the Allied Maritime Transport Council, and, after delivery, the national flag of one of the Associated Governments, in addition to the Allied Maritime Transport Council flag. The latter flag will be flown either at the stern or the fore.

6. *Ports of delivery.*—It is probable that the majority of the vessels will be required to be delivered either at Liverpool, Brest, or Cherbourg. The exact port for each ship will be indicated to the German Government through the Naval Armistice Commission. It is contem-

plated that vessels proceeding through the English Channel will pick up pilots in the Downs, and vessels must be provisioned for sufficient time to enable them to reach their ports of delivery in accordance with the instructions of the Naval Armistice Commission, with adequate margin for navigational delays.

7. *Administrative arrangements.*—The German Government shall nominate as the delegates provided in the terms of the Armistice of the 16th January a person to be resident in Hamburg, who will see that any information required by the body appointed by the Associated Governments under paragraph 1 of the Agreement of the 17th January is obtained from the German Government or from German shipowners, and will secure that any necessary instructions given by that body in connection with the management of the vessels after they have been delivered at the port of delivery are duly carried out.

8. *Information required from the German Government.*—The German Government shall furnish at the earliest possible moment the following information, except in as far as it has already been given:—

(a) A full list of all German vessels above 500 tons gross register, with statement as to the present condition of each vessel and her expected date of readiness for sea.

(b) Full information as to which vessels, whether in the lists already given by the German Government or not, have passenger accommodation, and how many passengers each vessel can accommodate in each class.

(c) Complete sets of plans, including docking plans of all German merchant vessels, including those under construction which can put to sea within the next six months and those in neutral ports, to be obtained from the owners or otherwise, and to be delivered at the earliest possible moment to the Naval Armistice Commission.

9. The Associated Governments require that the German Government shall at once proceed with the handing over of the German merchant fleet in accordance with the terms of the Armistice of the 16th January, and the Agreement of the 17th January, and the arrangements above indicated.

Any further details connected therewith shall be settled by the Associated Governments after such consultation, if any, as they may think desirable to make with representatives of the German Government.

Supreme Economic Council: Fifth Meeting Held at the Ministry of Commerce [on 6th March, 1919, at 9:30 p. m.]

The Supreme Economic Council held its fifth meeting on 6th March 1919 at 9.30 p. m. under the Chairmanship of M. Clémentel.

The Associated Governments were represented as follows:—

GREAT BRITAIN	Lord Robert Cecil Sir Wm. Mitchell Thomson
U. S. A.	Mr. McCormick Mr. Hoover Mr. Norman Davis Mr. Baruch Mr. Robinson
FRANCE	M. Loucheur M. Boret M. Vilgrain
ITALY	Signor Crespi Signor Chiesa Signor Pirelli

24.

The Minutes of the 2nd, 3rd and 4th Meetings of the Council were considered.

The Minutes of the 2nd Meeting were approved subject to an amendment to Minute 11 which should read as follows:—

“With reference to Minute 3 [5?]—the American Delegates reported that it had been decided for the present to withdraw the proposal that all foodstuffs to Northern neutrals should be placed on the non-rationed list.”

25. Austrian Trading With Neutrals.

As regards the Minutes of the 3rd and 4th Meetings Mr. Hoover referred to the discussion which had taken place regarding Austrian Trading with Neutrals and reported that some doubt existed as to whether or not a decision had been taken.

It was agreed that Austria in general should be afforded the same opportunity of trading with Neutrals and be placed in the same position regarding the Blockade as Germany under the provision of the reports of the Finance Section and Blockade Section already adopted.

26. Instructions to Delegates at Spa Conference.

With reference to Minute 20, Mr. Robinson requested that Clause 4 of the Financial Instructions given to the Associated Delegates at the Spa Conference might be amended as follows:—

" . . . any costs being charged by the Associated Government providing the Shipping against credits available for the purpose accruing to the German Government from such Associated Government in respect of the German Mercantile Marine under the management of the Associated Governments"

Agreed.

It was further agreed, that the words "from such associated government" be inserted after the words "accruing to the Austrian Government" in Minute 23, Clause 4 (Ex. 15) "Argentine Cereals for Austria."

27. Supplies for Germany.

(a) A draft resolution (15) proposed by the British Delegates embodying instructions to be given to the associated Delegates regarding the conditions on which the Associated Governments would be prepared to negotiate for the Supply of foodstuffs was submitted.

(b) Telegram from Mr. Wise dated 6th March (16) reporting that the negotiations with the German Delegates at Spa had been suspended for the time being was read.

It was agreed that as the Associated Delegates were returning from Spa immediately the situation should be considered at a special meeting of the Council to be held on Friday, 7th March at 12 noon.

28. Supplies for Italy.

With reference to Minute 10 the position as regards the deficiency on the Italian food and coal programmes was further considered and Signor Crespi again impressed upon the Council the gravity of the Italian situation and the necessity for the immediate provision of additional supplies.

It transpired that the financial difficulties having been partly adjusted the serious shortage of tonnage still prevented a satisfactory solution of the problem particularly in view of the fact that Professor Attolico had reported that his negotiations in London for the chartering of vessels either direct or through the Wheat Executive had met with no success.

It was agreed:—

(a) to refer the matter back to the Shipping Section for further consideration.

(b) to request the Shipping Section to make as complete a survey as possible, within the limits of time at its disposal in view of the urgency of the situation, of the uses to which the tonnage at the disposal of the Associated Governments is being put and to prepare a statement explaining the great decrease in the number of boats available and indicating what prospects there were of obtaining sufficient tonnage for the execution of the Allied Food and Relief Programmes.

(c) to discuss the matter further at the meeting of the Council to be held on Monday 10th March.

29. Supplies for France.

With reference to Minute 10, and on the request of the French delegates:—

It was agreed, that the question of the French programs should be similarly referred to the Shipping Section with a request for a report at the meeting of the Council to be held on 10th March.

30. Relaxation of the Blockade.

Replying to an enquiry from the British Delegates regarding the raising of the Blockade on countries bordering on the Adriatic Sea Mr. McCormick stated that the Superior Blockade Council had already agreed to this in principle but that doubt had been expressed as to their authority to take a decision on the matter in view of the fact that the Armistice terms and naval questions were involved therein and that it had been decided to make a recommendation on the point to the Supreme Economic Council.

It was agreed:—

(a) to adopt the recommendation of the Superior Blockade Council.

(b) to report the matter for final approval to the Supreme War Council at their meeting to be held on 7th March.

(c) to enquire of the Supreme War Council at the same time whether the terms of reference of the Supreme Economic Council were intended to convey that the Council was authorized to take decisions and act upon them, in respect of such similar questions as might arise in future, without referring them to the Supreme War Council for confirmation.

31. Report of Communications Committee.

(a) Report of the Proceedings of the Meetings of the Communications Committee held on 4th and 5th March (17) was submitted and in view of the fact that it was not possible to circulate the papers before the meeting deferred for consideration at the meeting of the Council to be held on Monday, 10th March.

It was agreed that in the meanwhile the Finance Section should be requested to consider the proposals put forward by the Communications Committee with a view to making recommendations to the Council regarding the financial responsibilities involved therein.

(b) Memorandum (18) setting forth the conditions on which food-stuffs might be sent to Czechoslovakia by way of the Elbe and the Rhine was submitted and approved.

32. Preliminaries of Peace.

The French Delegates referred to the decisions reached by the "Council of Ten" at their Conferences on the 12th (19) and 21st

February (20) regarding the economic measures to be taken in connection with the preliminaries of peace during the period of reconstruction after the war and suggested that the matter should receive the immediate consideration of the competent sections as any recommendations which the Supreme Economic Council might desire to make would have to be submitted to the "Council of Ten" on or about 15th March.

It was agreed to refer the matter to the Food and Raw Material Sections for consideration, with a request for recommendations at the earliest possible date.

Appendix 15¹

Draft Resolution Regarding the Terms on Which the Associated Governments Would Be Prepared To Negotiate for the Supply of Foodstuffs to Germany

A telephone message has been received from Spa to the effect that the German Delegates arrived with instructions from their Government not to commence the surrender of their ships until they had received a guarantee as to the provision of food up to the harvest.

The German Delegates were informed that unless they could secure modifications of these instructions from their Government, the Delegates of the Associated Governments would return to Paris at 4 p. m. on Thursday, the 6th March, without continuing the negotiations.

The German Delegates cable[d] Weimar, but no information has yet been received as to the answer of the German Government.

In the meantime, our Delegates are extremely anxious to know exactly how far they can go in the direction of making a statement as to the provision of food (after the instalment already authorised) for the further period to the harvest.

For this purpose the British Delegates desire to move a resolution that authority should be given the Associated Delegates to make a statement to the following effect:—

"It is our intention to provide food up to harvest, and we are prepared to begin to negotiate for the necessary finance as early as possible. In our view, food must be paid for as far as possible by export of German products, such as coal, potash, dyes, timber. We hope that the Germans will be able to furnish us with full materials for negotiation on this basis. It is essential, however, that substantial progress should first and at once be made with the surrender of vessels without waiting for negotiations as to finance of later instalments of food. As soon as the Associated Governments are satisfied as to the sincere intention of the German Government to surrender their

¹ Appendixes 15 to 20 are filed separately under Paris Peace Conf. 180.0501/38.
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ships, as evidenced by the commencement of their delivery, the food paid for and at present at Rotterdam will be at once released for Germany."

Appendix 16

Cablegram Received From Mr. Wise, March 6, 1919

Goode, Majestic, Paris.—German Delegates informed us this evening that, after further communication, Weimar Government maintained position that ships could not be surrendered until definite agreement for provisioning Germany until harvest. Hope replied impossible continue negotiations on this basis, as instructions to us quite clear on point that ships must be first surrendered. We leave for Paris early morning and expect arrive Thursday night. Suggest meeting Supreme Economic Friday to consider situation.—Wise.

Appendix 17

Report of the Meetings of the Communications Section, Held on March 4 and 5

The meetings of the Communications Section on the 4th and 5th March, 1919, require the following decisions to be made:—

ALLOCATION BETWEEN THE ALLIED POWERS OF COUNTRIES TO BE ASSISTED

1. The Communications Section recommend the following allocation of countries to be assisted:—

America.	Line of Communications, Adriatic to Prague.
	Jugo-Slavia, including Serbia.
Great Britain	Poland.
	Don and Caucasus.
	Baltic Provinces.
France.	Greece.
	Turkey in Europe.
	Ukraine and Donetz.
Italy.	Austria.
	Hungary.

2. No decision was arrived at in the allocation of the following three countries:—

- (a) Roumania.
- (b) Bulgaria.
- (c) Czecho-Slovakia.

(a) *Roumania*.—General Gassouin considered that Roumania ought to be assisted by France, for the following reasons:—

(1) The whole of the Balkan Peninsula is an area which should be assisted by one Power; it would be illogical to make France responsible for assisting Greece and Ukraine without at the same time giving her the means of communication between these two countries through Roumania (and Bulgaria).

(2) We have actually in operation rapid communication with Roumania by railway (via Paris-Bucharest), whereas Great Britain can only get there very much more slowly by sea; moreover, it appears more logical to reserve maritime tonnage for troop movements.

(3) France also has already on the site troops and missions of every kind, of which one is a railway mission organised by General Franchet d'Esperey, and in this connection one should remember the sacrifices France has already made for the instruction and maintenance of the Roumanian Army.

General Mance stated that before and after the German occupation England has had a mission of technical officers in Roumania itself, who have been working exactly on the lines required by the Sub-Commission. They have examined on the ground the lists of material required urgently by the Roumanian railways; the despatch of this material is awaiting financial sanction by the British Treasury. The Communications Section is the outcome of the British action in Roumania, and it would be anomalous to start its labours by suppressing all the work that had already been done.

As a compromise, General Mance suggested that the Mission to be sent to Roumania should be a joint Anglo-French Mission.

General Gassouin refused this on the grounds of what had been already decided at the first Conference, namely, that each country should only be assisted by one of the Allied Powers.

(b) *Bulgaria*.—General Levi stated that he had received instructions from his Government to ask that Bulgaria should be allotted to Italy.

General Gassouin objected to this demand for the reasons given above for Roumania, viz., that France desires the countries she assists to be situated in one compact group, namely, Greece, Bulgaria, Roumania, and Ukraine, so as to have uninterrupted communications between these countries.

(c) *Czecho-Slovakia*.—The representatives of Marshal Foch stated that they had been instructed to ask for the allocation of Czecho-Slovakia to France. The American representatives considered it was essential that Czecho-Slovakia should be assisted by the Americans, for the reason that the latter had already studied the wants of this country as well as their means of communication. Also, as the

Americans are already feeding the Czecho-Slovaks, it appears logical that they should be in a position to continue this work.

The representatives of Marshal Foch wished no decision to be reached regarding the allocation of Czecho-Slovakia until they had had time to communicate with Marshal Foch.

3. An early decision is required therefore as regards—

(a) Countries about the allocation of which the Communications Section is agreed,

(b) The allocation of Roumania, Bulgaria, and Czecho-Slovakia, so that arrangements may be made at once for the Technical Missions to function, pending financial sanction, for the supply of material.

Appendix 18

Proposals for the Transport of Foodstuffs to Czecho-Slovakia by Way of the Elbe and the Rhine

The Blockade, Food, and Communications Sections recommend to the Supreme Economic Council that foodstuffs might be sent to Czecho-Slovakia, both by way of the Elbe and the Rhine, under the following conditions:—

(a) Any quantity to reach Czecho-Slovakia to be deducted from quantities allowed to Germany by the Supreme War Council.

(b) *As regards the Elbe route:*

1. Storage and transshipment at Hamburg to be under naval protection approved by the Associated Governments.

2. At any given moment not more than 8,000 tons to be in transit up river.

3. Proper control and surveillance to be exercised by the Czecho-Slovaks over transshipment at Hamburg in conjunction with the naval authorities and in transit on the Elbe.

(c) *As regards the Rhine route:*

1. Storage and transshipment at Rotterdam and/or Antwerp, and subsequent transit to the point of transshipment to rail to be made by Allied or Associated bodies and by the Inter-Allied Rhine Commission.

2. Proper control and surveillance by Czecho-Slovakia over railway transit from Rhine ports.

3. Limit of quantity in transit by rail at any given moment to be fixed later.

NOTE.—Italy will furthermore do her utmost to concur in the supply of foodstuffs to Czecho-Slovakia over the Trieste route.

Appendix 19

Decisions Reached by Council of Ten on February 12²

The Supreme War Council agrees that:

1. As a condition of the renewal of the Armistice, Marshal Foch shall stipulate that the Germans shall desist from all offensive operations against the Poles, whether in Posen or elsewhere.
2. The Armistice with Germany shall be renewed for a short period terminable by the Allied and Associated Powers at three days' notice.
3. Detailed and final naval, military, and air conditions of Preliminaries of Peace shall be drawn up at once by a Committee, to be presided over by Marshal Foch and submitted for the approval of the Supreme War Council; these, when approved, will be presented for signature to the Germans, and the Germans shall be at once informed that this is the policy of the Associated Governments.
4. After the signature of these Preliminaries of Peace, Germany will be permitted to receive such controlled quantities of food and raw materials for the rehabilitation of her industry as shall be deemed just, having regard to the prior claims of Allied countries, especially those on whose industries Germany has deliberately inflicted damage.

5. The question of the quantities of food and raw material to be allowed to Germany after the signature of the preliminaries of Peace shall be referred to the Economic Council for examination and report.

Appendix 20

Decisions Reached by Council of Ten on the 21st February³

- . The Council decided to refer the transitory measures to the Economic Council, formed by the Conference in accordance with the proposal made by President Wilson.

The terms of reference regarding transitory measures were as follows:—

To consider what economic measures, if any, should be taken in common during the period of reconstruction following the war, with a view to ensuring:—

(a) The due supply of materials and other commodities necessary for the restoration of devastated areas.

(b) The economic restoration of all the countries which have suffered most from the war.

(c) The supply of neutral and ex-enemy countries, without detriment to the supply of the needs of the Allied and Associated countries.

² BC-30, minute 1, vol. III, p. 1001.

³ BC-36, minute 4, vol. IV, p. 62.

Supreme Economic Council: Emergency [Sixth] Meeting Held at the Ministry of Commerce [on 7th March, 1919, at 12 noon]

The Supreme Economic Council held its Sixth Meeting on 7th March, 1919, at 12 noon under the Chairmanship of Lord Robert Cecil.

The Associated Governments were represented as follows:—

GT. BRITAIN	Mr. J. Keynes Sir W. Mitchell Thomson Sir H. Llewellyn Smith
U. S. A.	Mr. McCormick Mr. Hoover Mr. Norman Davis Mr. Baruch Mr. Robinson
FRANCE	M. Clémentel M. Boret
ITALY	M. Crespi M. Chiesa

33. Supplies for Germany.

With reference to Minute 27 a report of Admiral Hope (21) of the Conference with German Delegates at Spa on 4th and 5th March and resolutions regarding the conditions on which the Associated Governments would be prepared to consider the supply of foodstuffs to Germany until the next harvest, were submitted:

- (a) Resolution proposed by the British Delegates (22),
- (b) Resolutions proposed by the American Delegates (23),
- (c) Resolution proposed by the French Delegates (24).

It was agreed that as the Council was unable to agree upon the final form of the resolution to be adopted the drafts submitted by the different Delegates should be submitted to the Supreme War Council for their decision.¹

The British Delegates reported that the Technical Experts were about to proceed to Rotterdam to discuss with German Representatives the question of arranging contracts for the supply by Germany of certain miscellaneous goods such as timber, dyes, potash, etc. and enquired, whether in view of the present position, it was considered

¹ See BC-47, minute 5, vol. iv, p. 274.

desirable that the above negotiations should be suspended for the present.

It was agreed that the Technical Experts should be authorised to proceed to Rotterdam as previously arranged.

Appendix 21²

Preliminary Report of Meetings Held at Spa on the 4th and 5th March, 1919, Between Delegates of Associated Governments and Delegates of the German Government With Regard to the Financial, Shipping, and Food Supply Arrangements for Carrying Out the Revictualling of Germany

The first meeting of the German Delegates at Spa was held at 6 p. m. on the 4th March.

Admiral Hope opened the meeting by making a statement as to the questions which were to be discussed.

He informed the German Delegates that no foodstuffs would be permitted to enter Germany until substantial progress had been made in the handing-over of the German passenger and cargo vessels. It was pointed out that it was impossible to secure the revictualling of Germany without having the ships, and he concluded by demanding that the German Government should take immediate steps to ensure the departure of the German ships now ready and to take all steps necessary to place the whole German fleet at the disposal of the Allied and Associated Governments in accordance with the agreements already made.

A statement referring to the financial questions was then read, in which certain questions which had been put by the Germans at Trèves on the 14th–16th February, 1919, were answered.

The Germans were informed that they would be allowed to import cereals from the Argentine into Germany up to a maximum of 100,000 tons in the first instance, in addition to the supplies already promised, provided the German Government was able to make its own financial arrangements, subject to the approval of the Supreme Economic Council. They were also informed that the Associated Governments would raise no objection to the grant of credits by banks or other institutions in neutral countries, provided arrangements were made for the transfer of the net proceeds of such credits in payment for food supplies to Germany. The paper concluded with a statement that the whole of these arrangements were conditional upon the delivery of the German mercantile marine in accordance with existing arrangements.

² Appendixes 21 to 24 are filed separately under Paris Peace Conf. 180.0501/33.

A paper laying down the details for the delivery of the ships was also read.

The President of the German Delegation, Herr von Braun, then stated that the German Government was of opinion that the delivery of the German merchant fleet could only begin from the moment when the revictualling of Germany with foodstuffs was secured and details regarding shipping matters brought to a satisfactory conclusion.

He stated that the arrangements which had taken place up to the present had not led to the point where the revictualling of Germany was secured.

The German Government agreed that the delivery of the vessels must precede the import of foodstuffs into Germany, but they could only consider this importation of foodstuffs into Germany as secured if a contract were made in which it was stated at what price and in what quantities foodstuffs would be introduced into Germany from this time on to the next harvest. He pointed out that the total of 370,000 tons now promised was not sufficient to keep Germany going until next harvest.

Herr von Braun added that there was, therefore, an essential point of difference. The German Government was of the opinion that the fixing of the amount of foodstuffs to be imported into Germany must precede the delivery of the German mercantile fleet, as they could only look upon the revictualling of Germany as secure when the amount of foodstuffs which could be imported had been fixed.

The German Delegation was then informed that the Armistice Clause was perfectly clear in the minds of the Associated Governments. It did not say to what extent they would provision Germany and the rest of Europe; it merely said that in order to be able to carry out the revictualling of Germany and the rest of Europe, the ships should be handed over. On the following day, the 17th January, the German Representative had signed a definite convention to hand over the ships immediately, and at that time the Associated Governments made a definite promise to supply a certain quantity of foodstuffs; there had never been any mention of provisioning Germany or anybody up to the next harvest.

They were informed that the Associated Governments contemplated further supplies of foodstuffs to Germany, but that at the present time they were not prepared to make any definite arrangements as to the quantities and terms.

Further discussion on this question then took place.

Finally, the meeting was adjourned about 7.30 p. m. to enable the German Delegates to communicate with their Government.

The adjourned meeting took place at 4 p. m. on the 5th March.

Herr von Braun read a statement in which he reiterated the arguments brought forward at the previous meeting.

He concluded by stating that the German Government could not decide to hand over the merchant fleet without obtaining further substantial confirmation of the existence of the intention to supply Germany to a further extent.

The German Government had instructed him to stand firm on this point, viz., that the German merchant fleet would only be put at the disposal of the Allies as soon as a binding agreement assuring the provisioning of Germany up to the time of the next harvest had been made. He understood that the Allied Representatives were not empowered to enter into such agreement. He suggested that, with a view to finding a possibility of continuing the negotiations, we should endeavour to arrange to come to an agreement as to a partial handing-over of the fleet in proportion to the amount of foodstuffs approved to be delivered, but that he must make the stipulation that they must have the certainty of the definite drawing-up of a scheme for the provisioning of Germany to be accomplished in the near future in return for the handing-over of the remainder of the fleet, and that the questions regarding the shipping agreement which were as yet unsettled would be arranged.

The meeting was then adjourned for a few minutes to enable the Allied and Associated Government Representatives to consider Herr von Braun's statement.

On the re-assembly of the meeting the German Delegates were informed that the German Government had undertaken to deliver the whole of their merchant ships immediately against a specific promise of the delivery of the first instalment of the food and a general undertaking as regards the future.

They were informed that the Associated Representatives were not authorised to vary this agreement. With a view, however, to clearing up, for the German Representatives, the position which they did not appear completely to understand, the Associated Representatives were prepared to make the following declaration, and they trusted that this declaration would constitute to the German Government the explanation it desired, covering the promise of the deliveries of food during the coming months.

"In reply to the representations made on behalf of the German Government, the Representatives of the Associated Governments desire to state that, subject to the immediate delivery of the German mercantile marine, it is the intention of the Associated Governments to facilitate the provisioning of Germany from month to month, subject to the decisions of the Supreme War Council as to quantities and conditions; that they are already authorised to settle finally the terms and amounts of the first instalment; and they desire also formally to reiterate the declarations already made on behalf of their Governments.

"They repeat that the object of the delivery of the German mercantile marine is to ensure the supplying of Germany and the rest of Europe with food supplies; that 'in the first instance' the importation of food will be permitted up to 270,000 tons, and that the question of further supplies will be referred to the Supreme War Council for decision; and that the Supreme Economic Council 'is disposed, subject to the approval of the Associated Governments, to consider a request from the German Representatives for additional foodstuffs for delivery in the immediate future, provided that satisfactory financial arrangements are made by the German Representatives with the financial Representatives of the Associated Government.'"

Herr von Braun replied that his declaration contained no new factor as far as they were concerned. They could see no definite assurance for the provisioning of Germany, as it was made dependent on three uncertain conditions, viz., questions of amounts, conditions and financial agreements; another difficulty was that the decision regarding these three factors was made subject to the consent of the Supreme War Council. He returned to the suggestion that a way might be found to make a preliminary agreement whereby only a part of the German fleet should be handed over in return for certain consignments of food. He pointed out that it was impossible for the German Government to remain in the present state of uncertainty, and that it was a life and death question for the people of Germany. He added that no Government would take the responsibility of continuing such a state of affairs and without the certitude that we would help them. They could not deprive themselves of the only method of keeping themselves.

In reply, it was pointed out that the German proposal to hand over the ships proportionately to the delivery of food was impracticable, as it would be impossible to make any programme for the supply of food unless all ships were handed over.

Beyond that, the Associated Representatives had no authority to go further or to say more than they had already done, and that they had endeavoured to make it clear that their Governments adhere to the letter and spirit of their previous engagements. They must, therefore, demand that the German Government should carry out their engagements under the terms of the Armistice, as it was beyond the competence of the Conference to vary them.

It was proposed that the meeting should be again adjourned to enable them to get into communication with their Government.

After further discussion, the German Delegates agreed to adjourn the meeting in order once more to communicate with their Government.

About 11 p. m. the following letter was received from Herr von Braun :—

"I have the honour to report that a telephone communication I have just had with Weimar has once more asserted to me that they cannot

alter their standpoint, because they cannot consider themselves justified to put the German mercantile marine fleet at the moment under the control of the Associated Governments without the food supply of Germany being assured to her at the same time. I would much regret if the Representatives of the Associated Governments were to consider it necessary to break off the present negotiations, and beg that you shall once more consider whether the method suggested by us for a partial delivery of the mercantile marine in proportion to the deliveries of food already settled does not offer the possibility of a continuance of the negotiations. I can assure you that the German Representatives are ready to meet you as far as possible with regard to the apportionment of numbers and nature of the ships which are to be handed over now.

"If this proposed solution is not at the moment practicable for the Representatives of the Associated Governments, the re-assembly of the Conference would serve no useful purpose.

"I hasten to inform you of this decision to-night."

A meeting of the Allied and Associated Representatives was held to consider this letter, at which it was decided that the solution proposed by the German Delegates was not one which was within their competence to discuss, and that the reassembly of the Conference would not, therefore, serve any useful purpose, and they decided to return to Paris immediately in order to report to the Supreme War Council.

A letter in the following terms was then sent to Herr von Braun, and the arrangements were made for the immediate return to Paris.

"Admiral Hope begs to inform the Chairman of the German civilian Delegates at Spa that he is in receipt of his letter of to-day, notifying the Delegates of the Allied and Associated Governments of the inability of the German Delegates, in view of their instructions from Weimar, to modify their attitude as communicated this afternoon. In view of the nature of the instructions of the Delegates of the Allied and Associated Governments the solution proposed by the German Delegates is not one which it is within their competence to discuss. The reassembly of the Conference to-morrow would not appear, therefore, to serve any useful purpose, and the Allied and Associated Delegates are leaving for Paris immediately to report to their Governments.

G. Hope,
Rear-Admiral."

JUNE 3 [MARCH 6], 1919.

Appendix 22

Resolution Proposed by the British Delegates Regarding the Conditions on Which the Associated Governments Will be Prepared To Consider the Further Supply of Foodstuffs to Germany

1. We are prepared to deliver immediately the food now stored at Rotterdam, for which payment has been arranged, as soon as twenty

German ships have left harbour on their way to be handed over to the Associated Governments. Further, we will deliver the rest of the 270,000 tons agreed on as soon as one hundred German ships have left harbour similarly.

2. Finally, the Associated Governments undertake to deliver 400,000 tons of food per month, until harvest, upon financial terms to be arranged, provided that the rest of the German Mercantile Marine is handed over within one month from the date of the acceptance of this offer.

3. A Conference to meet immediately to arrange the financial terms referred to.

Appendix 23

American Resolutions Regarding the Supply of Foodstuffs to Germany

(A) PREAMBLE

1. The food situation in Europe requires the use of the German Mercantile Fleet at once.

2. Assurance of regular and limited food to Germany will not affect the political conditions of peace.

3. Germany can only pay if her population can get into production and export of commodities.

4. Germany will collapse and peace be impossible if such assurance of food and productivity is not immediately given.

(B) RESOLUTIONS

1. It is agreed that Germany must receive a regular monthly import of food until next harvest for humanitarian reasons and if order and stability of government are to be maintained, peace effected and reparation secured.

2. It is agreed that Germany must place her mercantile fleet in the service if she is to receive food, as this fleet must be used to effect the general provisioning of Europe as well as Germany.

3. It is agreed that Germany must pay for this food. She can pay—

- (a) By exporting commodities;
- (b) By neutral credits;
- (c) By other liquid assets.

4. It is agreed that Germany needs approximately 300,000 tons of food per month. This will require the use of 7-800,000 tons of shipping in constant employment, or, say, one-third (?) of her total tonnage.

5. It is agreed that Germany should be assured:—

- (a) That one-third of the shipping handed over shall be used in transport of food to Germany between now and next harvest;
 - (b) That Germany can export commodities (except a black list), the proceeds from the sale of such commodities to be used for food purchases;
 - (c) That she can use the outward voyage of the one-third of her shipping for the export of her commodities as well as exports to surrounding neutrals and Allies;
 - (d) That she can use such credits as she can set up with neutrals or elsewhere to buy food;
 - (e) That she can convert into food purchases any currency she obtains from sale of commodities;
 - (f) That she can use hire of ships to buy food;
 - (g) In order to give immediate delivery of food before the above plan begins to materialise, part of the first 300,000 tons which Allies or neutrals can provide will be delivered in ratio to ships sent out under the present plan of finance.
-

Appendix 24

French Resolutions Regarding the Supply of Foodstuffs to Germany

1. That Germany should be informed that she is bound by the terms of the Armistice to hand over the whole of her mercantile fleet forthwith.
2. On the grounds of humanity, the Associated Governments will deliver the 270,000 tons of food already agreed on as soon as the German Government show their genuine intention to carry out their obligations referred to in the first paragraph, by sending to sea for that purpose not less than ships, to be selected by the Associated Governments, and to comply with such financial arrangements as have already been made.
3. That in order to establish a general supply programme for Germany, the Associated Governments are prepared to study the matter with German delegates.

Supreme Economic Council: Seventh Meeting Held at the Ministry of Commerce [on 10th March, 1919, at 2:30 p. m.]

The Supreme Economic Council held its Seventh Meeting on 10th March 1919 at 2:30 p. m. under the Chairmanship of Lord Robert Cecil.

The Associated Governments were represented as follows:—

GREAT BRITAIN	Lord Robert Cecil Sir Wm. Mitchell Thomson.
U. S. A.	Mr. McCormick Mr. Hoover Mr. Norman Davis Mr. Baruch Mr. Robinson
FRANCE	M. Clémentel M. Loucheur M. Boret
ITALY	Signor Crespi Signor Pirelli Professor Attolico

34.

The amended Minutes of the 3rd and 4th Meetings and the Minutes of the 5th and 6th Meetings were approved.

35. **The Italian Supply Position.**

With reference to Minutes 10 and 28 the Italian Delegates, submitting a statement on the general situation (25) emphasized the very serious deficiencies of the Italian supply in respect of shipping, coal and foodstuffs and the need of immediate remedy. The British Delegates explained the present difficulties regarding the labor situation and the provision of shipping from the United Kingdom.

It was stated that the cessation of the supply of French coal to Italy was due to the inland transport difficulties and had been with the assent of the Governments concerned. The French Delegates undertook as an emergency measure to cooperate to the fullest extent possible in facilitating the supply of coal to Italy from the Saar Basin, as well as from other sources, but they stated that the reduced imports of English coal into France are at present creating the most serious situation in France.

It was noted that, by Minute 28, the question of the Italian supply had already been referred to the Shipping Section for considera-

tion in connection with the general questions of the use and the provision of tonnage, and it was agreed, that the Shipping Section should consider the question at a meeting to be held immediately.

It was further agreed that the Food Section should study the question of the priority of needs, in terms of the tonnage required, and report to the Council at its next meeting.

36. The French Supply Position.

Upon the request of the French Delegates,

It was agreed that the question of the French supply position should be considered at the same time and in the same manner as the Italian supply position.

In connection with the matter of providing tonnage for the relief programs, the American Delegates referred to a contract under which the American Army is obligated to deliver a number of railroad wagons for France. They inquired whether the French Government would not consent to a postponement of the full delivery in order that the shipping might be used for the carriage of food. The French Delegates undertook to ascertain the views of their Government in this regard.

37. Report of Communications Committee.

It was agreed,

(a) upon the request of the French delegates, that the determination of the division of responsibility as between the Associated Powers of assisting the different countries referred to in the note from the Communications Committee upon its meetings of 4th and 5th of March 1919 (17),¹ should be deferred until the Council's next meeting.

(b) that the matter of the allocation and control of rolling stock for relief purposes to operate over the railroads of the states of the old Austria-Hungarian Empire, treated in Annex B to the note of the eighth meeting of the Communications Committee (26), should be arranged between the Director General of Relief and the Communications Committee.

38. Supplies for Germany.

The instructions formulated by the Council of Ten at its meeting of March 8th (27) were submitted, and the outstanding questions respecting these instructions were discussed.

It was agreed

(I) That

(a) the selection by the Associated Governments of the German ships to be sent to sea,

¹ *Ante*, p. 44.

(b) the determination of the number of ships to be sent as a condition precedent to the Associated Governments' facilitating the balance of the month's supply of food stuffs, and

(c) the amount of German shipping to be assigned to the transport of food to Germany

should be left to arrangement by the shipping delegates to the coming conference at Brussels.

(II) That when the German ships are delivered, conditional upon the Germans performing the whole of their obligations under the proposed agreement, the carriage of the German rations will be a first charge upon their use.

(III) That Clause 2 of Annex 1 to the Instructions should read—

"2. She may import up to 70,000 tons of fats (including pork products, vegetable oils and condensed milk) and 300,000 tons of bread stuffs or other food monthly until September 1st."

(IV) That at the coming conference each of the Associated Governments shall have not more than three representatives who will be given the utmost authority within the principles set forth in the Instructions.

39. Re-opening of the Rhine to Swiss Traffic With Holland, Scandinavia and Associated Countries.

It was agreed that the resolutions of the Blockade Section of 5th March (28) should be adopted.

40. Organization.

It was agreed that, in order to permit of earlier circulation of the minutes of the meetings of the Council to the various sections, hereafter the meetings of the Council should be held on Monday at 10 a. m.

41. Finance of Supplies for Bulgaria.

The American delegates submitted a communication from the American Chargé d'Affaires at Sofia respecting the possibilities of finance for Bulgaria's relief supplies (29).

It was agreed that the communication should be referred to the Finance Section.

Appendix 25²

[Statement of the Italian Delegation Regarding] Supply of Coal and Foodstuffs to Italy

1. The Italian Delegation was in the expectation that the technical side of the Italian situation would be examined by the Shipping Section of the Supreme Economic Council.

² Appendixes 25 to 29 are filed separately under Paris Peace Conf. 180.0501/33.

The following statements are attached hereto^a for the examination of the Council, if desired:—

(a) Blue Book, giving detailed situation of the tonnage under Italian control on the 1st February, 1919.

(b) Detailed statement as to the situation of the Italian ports (diagrams for each port are available).

(c) Latest statement as to the use of the Austrian steamers allocated to Italy for management.

2. Whatever the arrangements for the future may be, the Italian Delegation wishes to state that the present situation in Italy calls for emergency measures, as proved by the following facts:—

(a) *Coal*.—The estimate of coal shipments during March from Great Britain to Italy (on the assumption that no coal strike occurs) amounted, on Friday last, to about 340,000 tons. At the present date (10th March) the estimate may be put down at under 400,000 tons, and this figure represents a strenuous effort on the part of the Licensing Branch of the British Ministry of Shipping. Assuming that another 50,000 tons of prompt ships will turn up for March shipment (a very outside figure), the maximum shipments during the whole of March may be estimated at 450,000 tons.

Italy's war basis for coal imports was 600,000 tons (a programme which was adopted after the invasion of a considerable tract of Italian territory).

In consideration also of the fact that, during the months following on the Armistice, Italy has received an average of 460,000 tons only, her minimum requirements for March shipment cannot be put down at less than 800,000 tons. An extra 350,000 tons must therefore be provided, the only source of supply for which appears to be the United States. Immediate measures to meet this need are essential.

(b) *Cereals*.—Italy's cereal arrivals during March are estimated at 150,000 tons, her total deficit from the beginning of the cereal year being about 25 per cent.; that is to say, 9 per cent. in excess of the French deficit, and 30 per cent. in arrear of the British programme.

Extensive transit by rail being hampered by lack of coal, the inland situation is still further aggravated. The Director-General of Supplies in Italy states that he is already facing local shortage, and that, unless the minor ports are properly fed, he cannot cope with the situation. Fifty thousand tons of soft wheat (especially in small-sized ships) is indicated as the additional quantity required for March. During the last few days Italy has obtained from the Wheat Executive all the nearest unallocated ships that were available, but none of these will make March arrivals. It is suggested that only the Food Section of the Supreme Economic Council may have ships in the Mediterranean ready to fill the gap.

The Italian Delegation wished lastly to warn the Allies that immediate precautionary measures in respect of Italy are needed so as to face the eventuality of a strike in the British coal-mines. Italy could

^a Not attached to file copy of this document.

not, in this contingency, rely on any other source of supply than the United States.

In this connection, it is pointed out that while tonnage under Italian control engaged in the coal trade between the United Kingdom and Italy would prove insufficient for the longer route, on the other hand, the diversion of such tonnage to the United States could not be effected in time to avoid the occurrence of the most fatal gap in supplies. This is a very powerful argument in favour of the immediate despatch of 350,000 tons of American coal, as suggested under No. 2 (a).

MARCH 10, 1919.

Appendix 26

[*Proposals of the Communications Section for the Control of the Railway From the Adriatic to Prague*]

The Communications Section request that the decisions made by them on Saturday, the 8th March, should be considered regarding the formation of an Inter-Allied Commission (decision of the Council of Ten of the 7th March⁴) to control transports on the Adriatic at Prague.

This Commission will be under the presidency of the American Representative, Lieutenant-Colonel W. R. Ryan, the executive staff being American.

It is understood that, if necessary, the Commission will have the control of the French transports destined for the Czecho-Slovakian army on this route, besides the American transports for the Czecho-Slovakian population, priority being given to military transports.

(The Italian Representative has reserved his decision with regard to the purely American composition of the executive staff of the Commission.)

Appendix 27

Instructions From the Supreme War Council⁵

1. Before entering into any discussion with the German Representatives, the principal Representative of the Allied and Associated Powers makes the following declaration:—

“On condition that Germany formally recognises and agrees to carry out the obligations of Clause 8 of the Armistice of the 16th January;

⁴ See BC-46, minute 4, vol. iv, p. 255.

⁵ Formulated by the Council of Ten on March 8, 1919; see BC-47, minute 5, vol. iv, p. 274.

'In order to ensure the food supply of Germany and the rest of Europe, the German Government will take all necessary measures to put the whole German merchant fleet, for the duration of the Armistice, under the control and under the flags of the Allied Powers and of the United States, assisted by a German Delegate.

"This agreement in no way prejudices the final disposition of these ships. The Allies and the United States may, if they consider it necessary, replace the crews in part or in whole. The officers and crews thus removed will be sent home to Germany.

'For the use of these ships, certain payment will be made, which will be determined by the Allied Governments.

'All the details, as well as the exceptions to be made with regard to the different categories of ships, will be settled by a special convention, which is to be concluded at once.'

"The Delegates of the Associated Governments are authorised and charged to follow their instructions regarding the revictualling of Germany."

2. After Germany has agreed to Clause 1, the principal Representative of the Allied and Associated Powers is authorised to make a communication to the German Representatives (on the basis of the conditions fixed in Annex 1).

3. An admiral will be nominated by the British Government to act as principal Representative of the Allied and Associated Powers in these negotiations.

4. In order to avoid delay, the negotiations will take place at Brussels.

The French Government has taken upon itself the responsibility of making the necessary arrangements with the Belgian Government.

Marshal Foch has undertaken to send the necessary notice to the German Delegates.

ANNEX 1

1. In the interest of humanity, the Associated Governments reiterate their decision to deliver to Germany foodstuffs at present available in Europe, for which payment has been arranged, as soon as Germany shows her sincere intention to carry out her obligations by sending to sea the vessels chosen by the Associated Governments. The Associated Governments will themselves provide (as soon as the transports are arranged) or give the necessary permits to import from the neutral countries adjoining Germany the balance of the quantity agreed upon for the month, i. e., the 270,000 tons, as soon as . . . ships (minimum) have sailed, as mentioned above, and as soon as the means of payment for such food have been arranged.

2. She may import monthly up to 300,000 tons of bread cereals and 70,000 tons of fats up to the 1st September.

3. She must pay for this food and may pay in any of the following ways:—

- (a) By the hire of ships.
- (b) By the export of commodities and the sale of cargoes of German ships at present in neutral countries.
- (c) By her credits in neutral countries.
- (d) By the sale of foreign securities or properties in foreign countries.
- (e) By advances against the use of foreign securities or properties as collateral.
- (f) Further, gold can equally be used as collateral for loans, to be freed as other means of payment provide means of liquidating these loans. The sale of gold will only be allowed in cases where the Associated Powers agree that the above-named means of payment are inadequate.

The means of payment outlined in paragraphs (d), (e), (f) will not exceed the sum of \$200,000 (which is more than the financial arrangement already made for the payment of the first 270,000 tons of foodstuffs), until the Supreme Economic Council has satisfied itself of the insufficiency of the means of payment indicated in paragraphs (a), (b), (c).

4. She may export commodities (with the exception of those on the black list) to any neutral or other approved destinations. The money from these exports must, however, be converted into payment for foodstuffs.

5. A fixed portion of the tonnage which will have been handed over will be available for German relief until next harvest.

6. Germany may buy and import foodstuffs within the above-mentioned limits from neutral countries, who will, when necessary, be allowed to re-import equivalent quantities.

7. It is understood that the declarations of the Allied and Associated Governments under this communication will be null and void should Germany not carry out the conditions of the Armistice.

At its meeting of the 10th March the Supreme Economic Council modified Clause 2 above as follows:—

2. She may import each month up to 70,000 tons of fats (including pork products, vegetable oils, and condensed milk), and 300,000 tons of bread cereals or other foodstuffs up to the 1st September.

Appendix 28

Resolution From the Blockade Section as to the Re-opening of Traffic on the Rhine

In connection with a request of the Swiss Government, presented through the French General Staff, for the re-opening of traffic on the

Rhine and for permission to send a Swiss engineer and patrol boat to examine the channel between Basle and Strasburg:—

RESOLVED—

“That there is no objection, from a blockade point of view, of allowing the re-opening of the Rhine to traffic for the purpose of permitting the resumption of Swiss trade with Holland, Scandinavia, and the Entente countries, which trade, however, is to be subject to the existing blockade agreements.”

IT WAS FURTHER RESOLVED—

“That this question should be referred to the Supreme Economic Council for its approval and confirmation by the Supreme War Council.”

FURTHER RESOLVED—

“That, as permission had already been given by the French Authorities to the Swiss Government to send a Swiss engineer and patrol boat to examine the channel of the Rhine, no action was necessary in this connection.”

MARCH 5, 1919.

Appendix 29

[*Telegram From the American Chargé d'Affaires at Sofia Regarding Finance for Relief Supplies for Bulgaria*]

SOFIA, March 7, 1919.

Received March 8—6:40 p. m.

Your telegram, signed Hoover, February 1st, submitted to Bulgarian Government, which replies as follows:—

“Neither the Bulgarian Government nor the National Bank of Bulgaria have any financial claim nor any credits to be levied against the New York Life Insurance Company. Having been in business relations with this company for a century, and having been of service to it in collecting its policies, the National Bank asked it for a credit of \$2,000,000 at 6 per cent. interest, and this only until telegraphic and postal communications should be re-established between Bulgaria and neutral and Allied countries. Inasmuch as this interruption of communication made it impossible for the bank to dispose of its property in foreign countries, its only resource was credit. Here in Bulgaria the National Bank, exclusive of its gold reserve, has at hand 12,000,000 lei in old Roumanian banknotes, and 5,000,000 roubles in Imperial Russian banknotes. At present there are no other foreign securities. Moreover, if Bulgarian banks had the means to communicate with Switzerland, they could there reach up to 2,000,000 Swiss francs. Therefore nothing remains but to notify us as to which Swiss bank we should concentrate this property in, in order to turn it over to the Inter-Allied Commission in payment for part of the flour billed to

Bulgaria. In case these forms of payment should be considered slow or inconvenient, the Bulgarian National Bank, as well as the most important banks and insurance companies of Bulgaria, are ready to guarantee a credit of \$2,000,000, depositing securities with the American Legation in Sofia. If it turns out that our banks are unable to dispose either of their property or of their paper securities located in neutral and Allied countries, and if the aforesaid lei and roubles are unacceptable in payment, then no other means of payment remain except credit. Consequently the Bulgarian Government begs the Honorable Mr. Hoover to take these exceptional circumstances into consideration in which the Bulgarian Government is caught, and which deprive it of any choice as to the means of payment. Again, it begs him, under these circumstances, not to stop furnishing the necessary flour for this famished people.—THEODOROFF, Prime Minister, Bulgaria."

WILSON

Supreme Economic Council: Eighth Meeting Held at the Ministry of Commerce [on 17th March, 1919, at 10 a. m.]

The Supreme Economic Council held its Eighth Meeting on Monday, 17th March, 1919 at 10 a. m. under the Chairmanship of M. Clémentel.

The Associated Governments were represented as follows:—

GREAT BRITAIN	Lord Robert Cecil, Sir W. Mitchell Thomson, Mr. Keynes, Sir H. Llewellyn Smith, Mr. E. F. Wise.
U. S. A.	Mr. McCormick, Mr. Hoover, Mr. Norman Davis, Mr. Baruch.
FRANCE	M. Loucheur, M. Boret, M. Vilgrain.
ITALY	Signor Crespi, Signor Ciuffelli, Professor Attolico.

42.

The Minutes of the Seventh Meeting were approved.

43. Conference With German Delegates at Brussels.¹

1. *Food.* At the request of the assembled Delegates Mr. Hoover reported briefly on the decisions reached at Brussels as regards the supply of food to Germany and referred particularly to the following:—

(a) that no restriction should be placed on the import into Germany of fish caught in European waters or on the import of vegetables from Neutral Countries.

(b) that the present restrictions upon German fishing in the Baltic would be removed immediately and the removal of restrictions on German fishing in the North Sea would receive immediate consideration.

(c) that the German Government would accept the Allied invoices as final in respect of quantity, quality and value of foodstuffs provided to Germany.

¹ For texts of the agreements reached at Brussels March 13 and 14, see memorandum of the conference and its appendixes, David Hunter Miller, *My Diary at the Conference of Paris*, vol. xvii, pp. 197-214.

2. *Finance.* The British Financial Delegate drew attention to the following points:—

(a) Coal. The German Delegates had agreed that it was essential to increase the amount of coal available for export from Germany and would prepare a technical report indicating the quantity of coal which could be exported and details of the materials required to restore the mines to working order.

(b) Payment of food. The German Delegates had pointed out that the means of payment for food proposed by the Associated Governments would not be sufficient to meet the programme to the end of the Cereal Year and had asked that the question of loans might be considered later, if necessary.

(c) That immediate consideration would have to be given to the method of dealing with requisitioned German securities and suggested that a sub-committee should be appointed for the purpose.

It was agreed:—

1. that the detailed reports of the Conferences at Brussels should be:—

(a) distributed to all the Delegates for their consideration.

(b) referred to the various Sections to consider and recommend to the Council what constructive action was necessary to administer the agreements reached with the Germans.

2. that a special Meeting of the Council should be held on Friday 21st March at 10 a. m. to receive full reports from the Sections.²

3. that as regards Clause (c) above the appointment of a Sub-Committee should be formally approved.

The French Delegates undertook to ascertain whether the Meetings of this Sub-Committee with German Delegates might be held in Paris or Versailles.

44. Trade With German-Austria.

A Report from the Blockade Section (30) embodying proposals for establishing methods of control in case of the resumption of trade with German Austria was submitted. The Italian Delegates having withdrawn their reservation made on this subject, the report was approved subject to an amendment to Article 3 which should read as follows:—

“The re-exportation by Austria and Hungary to Germany of all imported commodities shall be forbidden except under special authorisation of the Inter-Allied Commission at Innsbruck.”

It was agreed that the principles accepted above as regards trade with Austria should be extended in their entirety to Hungary also.

² See minutes of meeting held on March 22, at 2:30 p. m., p. 75.

45. The European Coal Situation.

(1) *Italian Supplies.* With reference to Minute 35 the Italian Delegates reported that the following conclusions had been reached at the meeting of the Shipping Section :—

(a) that the British Ministry of Shipping should increase to the utmost the quantity of tonnage available for the shipment of coal from the United Kingdom to Italy.

(b) that the American Representatives should ascertain as soon as possible what amount of American tonnage could, if necessary, be allocated for the shipment of coal to Italy.

The French Delegates reported that difficulties of a financial character had arisen in connection with the supply of French coal to Italy but it was agreed that pending a settlement of these difficulties the French deliveries to Italy should be maintained as an emergency measure for one or two weeks.

(2) *General Situation.* In view of the necessity for a careful examination of the coal position in Europe generally and for an increased production of coal it was agreed:

(i) that a Sub-Committee working under the auspices of the Raw Materials Section should be formed consisting of the following members :—

France	M. Loucheur
U. S. A.	Mr. Summers
Italy	Professor Attolico
United Kingdom	Mr. Loe

(ii) that a representative of the Communications Committee should attend the meetings as and when necessary.

46. Italian and French Supplies.

It was agreed that the Italian and French Food and Coal Supplies should be further considered by the Shipping and Finance Sections who should report again as soon as possible to the Council.

47. Report of Communications Committee.

With reference to Minute 37 further discussion took place regarding the responsibilities to be accepted by the Associated Governments in respect of assistance to be rendered for the improvement and operation of the existing Port, Railway and Telegraphic facilities in Eastern Europe.

The following resolution submitted by the American Delegates was adopted :—

"The Communications Section should at once delegate engineers of the nationalities and to the countries proposed in their Minutes of Proceedings of 4th and 5th March (17) ⁸ to report upon the immediate

⁸ *Ante*, p. 44.

needs and the best method and source of satisfying such immediate demands."

It was agreed that action as regards Roumania and Bulgaria should be deferred pending the arrival of General Berthelot when a special Conference would be held to consider the matter further.

In this connection the following draft resolution was submitted by the French Delegates and referred for further consideration to the next meeting:—

"The Supreme Economic Council has decided that the following countries shall be officially informed by the Associated Governments that a Central Railway Commission has been created by the Associated Committees at Paris in order to coordinate the help which will be asked by these different countries for the improvement and operation of ports, railways and telegraphs, with a view to the most speedy return possible to normal conditions.

Each country desiring assistance should create a technical commission which will get into touch with the Central Commission".

48. Preliminaries of Peace.

With reference to Minute 32:—

(a) A Memorandum from the Raw Materials Section (31) embodying proposals for the period extending to the ratification of the Preliminaries of Peace was submitted and deferred for further consideration.

(b) A resolution from the Food Section (32) regarding the Preliminaries of Peace was noted.

Appendix 30⁴

Report From the Blockade Section as to the Removal of Blockade Restrictions on German Austria

It has been decided to place before the Supreme Economic Council for their consideration the following resolution, on which the Italian Delegate has made reservation for his Government:—

"All the blockade and trade restrictions with German Austria and Hungary will be removed, and trade with these countries will be free as soon as the necessary machinery of control against re-exportation to Germany has been established.

"This resolution to be submitted to the C.B.O.⁵ immediately for consideration of the following points:—

"(a) What adequate frontier control should be established in order to prevent re-exportation into Germany from German Austria.

"(b) The list of commodities of which import into Austria is prohibited."

⁴ Appendixes 30 to 32 are filed separately under Paris Peace Conf. 180.0501/33.

⁵ Comité du Blocus de l'Orient.

In accordance with this decision, the C.B.O. considered and discussed the means of control to be established in the event of the re-opening of free trade with German Austria. It was decided to submit to the Superior Blockade Council the following proposals :—

(1) The importation of the following products of which the importation into Turkey [*Bulgaria?*] is forbidden shall also be forbidden into German Austria. The export from Austria of the same products shall also be prohibited :—

Aircraft of all kinds, including aeroplanes, airships, balloons, and their component parts; together with accessories and articles suitable for use in connection with aircraft.

Arms of all kinds, including hunting and sporting weapons, together with their component parts, apparatus which could be used for storing or projecting liquefied or compressed gases, inflammable liquids, acids, or other destructive agents capable of use in warlike operations, and their component parts.

Armour plates.

Armoured motor-cars.

Barbed wire and implements for fixing and cutting same.

Camp equipment: articles of camp equipment and component parts.*

Clothing and equipment of a distinctively military character.*

Electrical appliances adapted for use in the war and their component parts.*

Explosives specially prepared for use in the war.

Field-glasses.

Gases for war purposes.

Guns and machine guns.

Limbers, military wagons of all descriptions.

Military harness and trappings.

Implements and apparatus designed exclusively for the manufacture of war munitions or for the manufacture or repair of military and naval war material.

Mines, submarines, and their component parts.

Projectiles, charges, cartridges, grenades of all kinds, and their component parts.

Range-finders and their component parts.

Searchlights and their component parts.

Submarine sound-signalling apparatus.

Materials for wireless telegraphs.

Torpedoes.

Warships, including boats, and their component parts, of such a nature that they can only be used on a vessel of war.

Note.—This list is drawn short on the assumption that the Allied Military Authorities will be in a position satisfactorily to supervise the factories capable of producing munitions of war.

(2) All other commodities can be freely imported into Austria.

*These articles will ultimately be taken off the list. [Footnote in the original.]

(3) The re-exportation by Austria and Hungary into Germany of all imported commodities shall be forbidden, except under special authorisation of the Inter-Allied Commission at Innsbruck:—

Certain metals.
Animals.
Alcohol.
Industrial fats.
Textiles.
Silks.
Wool.
Chemical products.
Leather and hides.
Resinous products.
Rubber.

All other commodities may be freely exported to Germany.

(4) Austria can import from Germany only those commodities which Germany shall be authorised to export.

(5) The C.B.O. suggests that the Financial Section of the Supreme Economic Council shall examine the conditions under which exportation from Germany to Austria of other commodities can be made.

(6) The C.B.O. is of the opinion that it is necessary to establish a control on the Bavarian frontier.

(7) This control shall be exercised by an Inter-Allied Commission which will sit at Innsbruck. The composition of this Commission shall be decided upon by agreement between the Associated Governments.

(8) To carry out this control, the Innsbruck Commission will place at the railway station and at points of communication on the Bavarian frontier agents who will have the necessary power to examine, and, in case of need, cause to be stopped, the prohibited traffic. These agents will obtain control and communicate to the Innsbruck Commission any relevant documents and statistics of the Customs, Railways, and Steamships authorities.

The Austrian Customs shall, at the request of these agents, take all preventive and penal measures necessary both as regards exportation and importation.

(9) The Innsbruck Commission will receive its instructions from the C.B.O., which itself is under the jurisdiction of the Supreme Blockade Council.

The Innsbruck Commission will, however, be given all latitude to act within the limits of the above authority; in case of doubt or divergence, it shall immediately refer the question to the C.B.O., which it will keep regularly informed of its operations and of the results of its activities.

C. S. C.

MARCH 15, 1919.

Appendix 31

Resolution of Raw Materials Section

In response to the request of the Supreme Economic Council, the Raw Materials Section presents the following proposals for the period until the ratification of the Preliminaries of Peace, or for three months.

It has drawn up the three following lists:—

(A) Provisional list of articles the export of which from Germany is prohibited.

(B) Provisional list of articles the export of which from Germany may be allowed on conditions (and subject to what may have been said at Brussels) concerning restrictions on German trade with neutrals.

(B1) Goods for which the four Associated Governments and Belgium reserve the right of purchasing the whole or a part of the German export for the whole period, at fixed prices valid for all the Allies.

(B2) Goods for which export to neutral countries may be authorised with reserve of the right of priority of purchase for the four Associated Governments and Belgium.

(C) List of goods not included in the preceding lists.

The Section provides for the organisations named below for purchases at fixed prices on List B1, and for authorisations under reserve on List B2.

I. CLASSIFICATION OF EXPORTS

(Lists A, B, B1, B2, and C)

A. PROVISIONAL LIST OF ARTICLES, THE EXPORT OF WHICH FROM GERMANY IS PROHIBITED

War material and war products of all kinds (including ships of war).
Gold and silver.

Securities.

B.* PROVISIONAL LIST OF ARTICLES THE EXPORT OF WHICH FROM GERMANY MAY BE ALLOWED ON CONDITIONS AND SUBJECT TO WHAT MAY HAVE BEEN SAID AT BRUSSELS CONCERNING RESTRICTIONS ON GERMAN TRADE WITH NEUTRALS

(B1) Goods for which the four Associated Governments and Belgium reserve the right of purchasing the whole or a part of the German export for the whole period, at fixed prices valid for all the Allies.

(B2) Goods for which export to neutral countries may be authorised with reserve of the right of priority of purchase for the four Associated Governments and Belgium.

*See reservation made as to List C, which may also apply to List B. [Footnote in the original.]

Observations.

1. As long as the agreements for articles of List B1 have not been concluded, such articles will be subject to the same regulations as List B2.
2. In the case of purchases at fixed prices, the export of any surplus above the quantities which the Allies have reserved for themselves will be free (List C).

B1. GOODS FOR WHICH THE FOUR ASSOCIATED GOVERNMENTS AND BELGIUM RESERVE THE RIGHT OF PURCHASING THE WHOLE OR A PART OF THE GERMAN EXPORT FOR THE WHOLE PERIOD, AT FIXED PRICES, VALID FOR ALL THE ALLIES

Coals of all kinds, cokes and derivatives of coal.
Wood and its derivatives.
Nitrogenous chemicals—dyestuffs.
Potash.
Window glass.

B2. GOODS FOR WHICH EXPORT TO NEUTRAL COUNTRIES MAY BE AUTHORISED WITH RESERVE OF THE RIGHT OF PRIORITY OF PURCHASE FOR THE FOUR ASSOCIATED GOVERNMENTS AND BELGIUM

Iron, cast iron and steel (and finished and half-finished products).
Sugars.
Paper and wood pulps.
Glass and glass articles (not including window glass).
Lime and cements.
Electrical machines and parts.
Plant, machinery, machine tools, material for industries.
Railway material.

SPECIAL LIST

For the following articles in the above list the four Associated Governments and Belgium have the privilege of entering into a bargain or contract with the Germans for such quantities and at such prices and under such conditions as may be mutually agreed upon with the Germans:—

Coals of all kinds, cokes and derivatives of coal.
Wood and its derivatives.
Nitrogenous chemicals—dyestuffs.
Potash.
Window glass.

When such bargains or contracts have been made, the exportation of the quantities in excess of those which the four Associated Governments and Belgium have purchased will be without restriction (List C).

LIST (C). ARTICLES NOT INCLUDED IN THE PRECEDING LISTS

Free exportation—

Proposal 1: To all neutral countries.*

Proposal 2: To all countries, neutral countries,* and Allied or Associated countries, it being clearly understood for these last that each of the Associated Governments retains full freedom to authorise or not importations of German origin into its country.

Proposal 1 was adopted by the Section unanimously; Proposal 2 was adopted by a majority.

The Supreme Economic Council is requested to decide between these two proposals. If the decision is in favour of Proposal 2, it might also apply to List B as well as to List C.

II. ORGANISATION SUGGESTED

1. Organisation suggested for purchases at agreed prices.

There will be established for each product or category of products a Commission of experts representing the four Associated Powers and Belgium. This Commission will be instructed to agree with the German representatives as to the prices at which these products will be bought from Germany, and all other conditions of the bargain.

2. Organisation suggested for licenses to export, with privilege of priority, for the four Associated Governments and Belgium.

There exists, under the authority of the Reichs-Kommissar für Aus- und Einfuhrbewilligung, a Commission (Department of the Reichs-Wirtschaftsamt in Berlin), charged with the duty of examining requests for licenses. This regulation of licenses will necessarily be extended to all exportations.

A Commission, composed of the Representatives of the Associated Governments, will be established in Berlin. All requests for authorisation will be submitted to it.

In order to avoid all delay, this Commission will meet every day. It will decide at once on all requests which are not affected by a reservation made by any of the Governments. For all other requests, a period not exceeding eight (8) days will be left to the Associated Governments and Belgium to exercise their pre-emption.

In case of competition between several of the Associated Governments, the distribution of articles will be made in proportion to the immediate needs of each of them, but with priority for the needs of restoration of the devastated regions.

*For which Associated Powers have authorised the resumption of commercial relations. (Note proposed by the French Ministry of Blockade.) [Footnote in the original.]

In every case the price at which the right of pre-emption is exercised must be equal to the price agreed by the neutral.

The Associated Powers reserve the power of selling, even in neutral countries, products thus acquired by pre-emption. They will in this case give to Germany a price which she would have obtained if she sold direct.

TEMPORARY PROVISION

Until the Commission representing the Associated Governments is ready to exercise the privilege of priority, the German Government shall be free to authorise exportations of articles comprised in Lists B and C as at the present time, but shall give full information to the representatives of the Associated Governments of all exportations authorised.

Appendix 32

Recommendation [From the Food Section] to the Supreme Economic Council Regarding Preliminaries of Peace

The Food Section adopted the following resolution:—

“The Food Section do not desire to recommend the imposition by the Preliminary Peace Terms of any limitation of food into Germany.”

In making the above recommendation, the Food Section call the attention of the Supreme Economic Council to the fact that, while the world supplies are in general sufficient to cover the world needs, this is mainly a question of shipping, and in giving out their opinion they desire to make it clear that they are basing their judgment on the assumption that the world shipping and finance will be so regulated as to make it possible to secure distribution of the world supplies.

MARCH 15, 1919.

**Supreme Economic Council: Ninth Meeting Held at the Ministry
of Commerce [on 22d March, 1919, at 2:30 p. m.]**

The Supreme Economic Council held its Ninth meeting on Saturday 22nd March, 1919, at 2:30 p. m. under the chairmanship of M. Clémentel.

The Associated Governments were represented as follows:—

GREAT BRITAIN	Lord Robert Cecil Sir W. Mitchell Thomson Mr. Keynes Sir H. Llewellyn Smith Mr. E. F. Wise
U. S. A.	Mr. McCormick Mr. Hoover Mr. Norman Davis Mr. Baruch Mr. Robinson
FRANCE	M. Loucheur M. Vilgrain
ITALY	Signor Ciuffelli Professor Attolico Count di Cellere

49. Exports to Germany.

The question of the prohibited list of German exports under Article 4 Appendix II of the Brussels Conference 13th and 14th March,¹ and of conditions to be established regarding the export of commodities by Germany, were discussed.

It was agreed that, subject to final confirmation of the position of the French Government in the matter, the editing of the telegram to be sent to the German representatives in accordance with the Council's tentative decision, should be left to a sub-committee consisting of a representative of each of the Associated Powers, which should meet on 23rd March, at 11:00 a. m. The Delegates undertook to notify the Secretaries of the appointments to this Committee in order to permit notification of its membership by the first post on 23rd March.

It was further agreed that, in the event of failure of final agreement, the questions should be referred to the Supreme War Council for decision.

¹ For appendix II to the memorandum of the Brussels Conference, see Miller, *Diary*, vol. xvii, p. 200.

50. Finance Section Report Regarding Administration of Brussels Agreement.³

A report of the Finance Section dated 20th [19th] March, 1919, regarding the administration of the Agreement with the Germans at Brussels (33) was submitted.

It was agreed that the first and third resolutions of the report should be adopted. It was noted that action had already been taken regarding the second resolution.

51. Blockade Section Report.

A memorandum from the Blockade Section, dated 20th March, 1919, regarding the interpretation of certain clauses of the report of the Brussels Conference (34) was submitted. The inquiries and requests in this memorandum were agreed as follows:—

I (Appendix 2, clause 4).

(a) That Germany shall be permitted to export all commodities except those on the prohibited list to all countries of the world, including the Associated Countries and not merely the Neutral Countries, subject to the right of any country to make municipal limitations as to imports from Germany.

(b) That the imports of food stuffs may take place from countries other than those in which German credits are created by the export of permitted commodities; and it was further agreed that the Finance Section should consider and report upon the manner in which the transfer of credits is to be effected.

(c) That Germany shall be permitted to continue without control the exports across the frontiers into contiguous Neutrals which they had been permitted to make during the period of war under existing arrangements, but that these exports should not include gold and securities.

II (Appendix 3, clause 3).

(a) That the Blockade Section would be furnished as soon as possible with the German reports regarding the materials required for increasing the German Coal output.

(b) That the Council should insist that the Germans should give special rations to coal miners and other hard workers.

III (Appendix 3, clause 8).

That no report was as yet available regarding the operation of the machinery for control of the foodstuffs imported into Germany, but that the Blockade Section would be informed as soon as possible.

IV (Appendix 3, clause 4).

(a) That, with a view to assisting Germany to obtain credits in Neutral Countries for the purchase of food supplies, in accordance with the promise of consideration given by the Delegates at Brussels, the Associated Governments should inform Germany that im-

³ See appendix III to the memorandum of the Brussels Conference, Miller, *Diary*, vol. xvii, p. 202.

mediate announcement will be made that no firm in any neutral Country will in the future incur the penalty of blacklisting solely because it has

(a) exported foodstuffs to Germany within the limits approved by and in accordance with the regulations of the Associated Governments.

(b) afforded credits to Germany for the purchase of such foodstuffs.

(c) imported goods permitted by the Associated Governments to be exported from Germany.

(b) That the question of permitting Germany to negotiate with blacklisted firms should be referred to the Blockade Section to devise means whereby blacklisted firms in neutral countries or other approved territories should be permitted to carry on trade with Germany for the purpose of creating credits to be used in the purchase of food stuffs as agreed at the Brussels Conference, but subject to the approval of the Blockade Authorities.

V. That the vegetables and fish referred to in Appendix 4, Clause 2 should be in addition to the ration of 370,000 tons and that the vegetables include all kinds.

52. Report of Food Section.

A report of the Food Section, dated 20th March, 1919 (35) regarding the administration of the Brussels Agreement³ was submitted.

In connection with Clause 1, it was agreed that it was unnecessary to appoint representatives of the Finance Section at Rotterdam.

In connection with Clause 2, it was noted that Naval Authorities have already been advised regarding the removal of restrictions on German fishing in the Baltic. It was agreed that the Blockade Section should immediately take the necessary steps for the relaxation of the quantitative restrictions on the import of fish from Scandinavian neutrals.

In connection with the arrangements regarding the provisioning of the left bank of the Rhine, it was noted that the German representatives objected to the supplementary food supplies brought in by the Allied Armies being financed by them. It was agreed that this matter should be referred to the Finance Section and to the Rotterdam Food Commission for adjustment between them and the representatives of the Allied Armies.

With reference to Clause 4, it was noted that the Naval Authorities have already been advised respecting the undertaking by the German Government to give facilities and protection to shipments through German ports and inland routes to Czechoslovakia and Austria.

With reference to Clause 5, it was agreed that communications by the Germans to foreign countries for the purpose of purchasing food

³ See appendix IV to memorandum of the Brussels Conference, Miller, *Diary*, vol. xvii, p. 208.

stuffs from neutrals should go through the Rotterdam Food Commission.

53. Report of Shipping Section.

A report of the Shipping Section, dated 20th March 1919, (36) regarding the administration of the Brussels Agreement,⁴ was submitted.

It was noted that an agency is being established at London under the authority of the Council to make the necessary administrative arrangements, and that no further action by the Council was necessary.

It was noted by the French Delegates that the provisional exemption of tank steamers asked by the Germans at the Brussels Conference had been agreed to by the French Delegates on the understanding that there is a sufficient supply of tank steamers available for use by the French.

Appendix 33⁵

Report From Finance Section Regarding the Administration of the Agreement With the Germans at Brussels

The following resolutions have been agreed to by the Finance Section regarding the administration of the agreements reached with the Germans at Brussels:—

“1. With reference to Section 5 of the Financial Agreement made at Brussels, the Financial Section recommend that the German Government be invited to send a small Financial Committee to Versailles, not exceeding six members, including secretaries. This Committee would be given full facilities for rapid communication with its Government. It would be the regular channel of communication with the Financial Section of the Supreme Economic Council on all important financial questions; and, in particular, they would be authorised to deal with:—

“(a) Questions connected with the disposal of requisitioned securities.

“(b) Questions of German liabilities in neutral countries immediately falling due, and applications for the export of gold, &c.

“(c) Methods of securing for the food account the money proceeds of exports to neutral countries.”

(Minutes of Fifth Meeting, Section 3.)

“2. With reference to paragraphs 1 and 4 of the Financial Agreement made at Brussels, the Financial Section recommend that the

⁴ See appendix V to memorandum of the Brussels Conference, Miller, *Diary*, vol. xvii, p. 210.

⁵ Appendixes 33 to 36 are filed separately under Paris Peace Conf. 180.0501/33.

Report of the Raw Materials Section should be amended to read as follows:—

“The export of all commodities from Germany will be free, with the following exceptions:—

“(a) The export of material and products of war of all kinds, including ships of war, is prohibited.

“(b) The existing prohibitions on the export of gold and silver and securities remain unaffected.

“(c) With the approval of the Supreme Economic Council, any of the Allied and Associated Governments may, at ninety days' notice, demand priority of delivery of specified amounts of specified commodities against payment for credit of the food account at the same prices and terms that other purchasers are prepared to pay.”

(Minutes of the Fifth Meeting, Section 4.)

This recommendation is, however, subject to revision at a joint meeting of the Finance and Raw Materials Sections, to be held on Thursday, the 20th March, at 10 a. m.

“3. Paragraph 3 of the Financial Agreement. The Finance Section decided to ask the Supreme Economic Council to authorise the Financial Section to issue invitations to the Governments of Sweden, Norway, Denmark, Holland, and Switzerland to nominate one financial representative each, who should be available for semi-official and consultative discussions with the Finance Section regarding the future financial relations between Germany and neutral countries.”

(Minutes of Fourth Meeting, Section 13.)

MARCH 19, 1919.

Appendix 34

Memorandum to the Supreme Economic Council From the Superior Blockade Council

The Superior Blockade Council would appreciate an interpretation of the following clauses of the Memorandum of the Brussels Conference of the 13th and 14th March:—

Appendix 2, Clause 4, when read in connection with paragraph 5 of Appendix 5.

(a) Can Germany export all commodities, except those on the prohibited list, to all countries of the world (i. e., including the Associated countries and not merely neutral countries), provided that the funds which they receive for said exports are to be used for the purchase of foodstuffs? In other words, are the Associated countries included in the words “approved destinations”?

(b) Should the imports of foodstuffs into Germany take place only from that country in which German credits are created by the export of permitted commodities, or may such credits be transferred to finance imports of foodstuffs into Germany from any other country?

(c) Is Germany to be permitted to continue without control the exports across the frontiers into contiguous neutrals which they have been permitted to make during the period of war under existing agreements, even though these exports may consist of prohibited articles, e. g., gold and securities?

Appendix 3, Clause 3.

Paragraph 1.—The Superior Blockade Council request that the Supreme Economic Council furnish them, as soon as available, with the detailed report which the Germans agreed to submit as to the imports of materials required for increasing the German coal output.

Paragraph 2.—With reference to this paragraph, the Superior Blockade Council would appreciate being informed what method of control is to be established to insure that the consignments of foodstuffs are not distributed to unemployed persons who by their own fault or choice fail to obtain work.

Appendix 3, Clause 8.

The Superior Blockade Council is of the opinion that the machinery which has been adopted for execution by the Food Section and the Inter-Allied Trade Committee (whom the Blockade Council have instructed to co-operate with the Food Section) for the control of the exports of foodstuffs into Germany is working satisfactorily. The Blockade Council would appreciate being informed if this is the case.

Appendix 3, Clause 4, Paragraph 1:

1. The following resolution as to the modification of the black-listing procedure was adopted by the Superior Blockade Council, which would appreciate the views of the Supreme Economic Council thereon:—

RESOLVED:

"That, with a view to assisting Germany to obtain credits in neutral countries for the purchase of food supplies, in accordance with the promise of consideration given by the Delegates at Brussels, the Associated Governments should inform Germany that immediate announcement will be made that no firm in any neutral country will in the future incur the penalty of black-listing solely because it has—

"(a) Exported foodstuffs to Germany within the limits approved by and in accordance with the regulations of the Associated Governments.

"(b) Afforded credits to Germany for the purchase of such foodstuffs.

"(c) Imported goods permitted by the Associated Governments to be exported from Germany."

2. The Superior Blockade Council would appreciate being informed whether or not Germany will be permitted to negotiate with black-listed firms, whether in (a) Associated countries, (b) neutral countries, or (c) all countries.

Appendix 4, Clause 2:

The Superior Blockade Council would appreciate being informed—

(a) If the vegetables and fish referred to are to be included within the 370,000 tons of foodstuffs or are to be in addition thereto.

(b) If the vegetables referred to mean (1) fresh vegetables, (2) dry or preserved vegetables, or (3) all kinds.

Appendix 35

Note by Food Section on the Brussels Agreement of March 14, 1919

1. *Rotterdam Food Commission.*—The Agreement provides for the setting up of a Standing Commission at Rotterdam "for the purpose of discussing with German Delegates from time to time commercial and other details arising out of the food traffic under this Agreement."

One Delegate from each Associated Government is being appointed, and he will be assisted by the necessary commercial experts. These Delegates will be appointed within a few days.

The Shipping Section proposes to appoint a similar Commission to deal with details arising out of the transfer and handling of German ships, and it would be desirable that the two Commissions should work together at Rotterdam.

2. *Fishing.*—The Agreement (Clause 2) provides for the removal of restrictions on German fishing in the Baltic. This point has been referred to the Naval Armistice Commission for action.

It is also laid down that the import of fish caught in European waters and the import of vegetables from neutrals are not to be included against the ration of 370,000 tons of food per month allowed under Clause (1) of the Agreement. As it stands, this merely allows the Germans to import what they can under existing Blockade Agreements without thereby diminishing their import of other foodstuffs within the stipulated ration. It is suggested that the Blockade Section should take into consideration the further relaxation of the restrictions on the import of fish from Scandinavian neutrals and from Holland.

3. *Left Bank of the Rhine.*—With regard to the left bank of the Rhine, it has been arranged that the ration of 370,000 tons per month, in addition to the preliminary emergency supplies of 270,000 tons, are to be regarded as a ration for the whole of Germany, occupied and unoccupied, and that supplies for the occupied territories will be financed in the same way as supplies for the rest of Germany. Cer-

tain emergency supplies are being shipped by the Allied Military Authorities for use in the occupied territories, and they will be financed in the same manner, but they will be taken into account in the later partition of supplies. It was stipulated by the Germans that no supplementary supplies to the left bank itself, which would bring the ration in the occupied area above the ration in the rest of Germany, should be financed from the general funds of Germany. Consequently, any supplementary supplies will have to be financed either by the Allied Military Authorities or under special arrangements, if these are possible in the occupied territories. It is suggested that the Finance Section should examine the possibility of making any special arrangements.

The Allies reserve to themselves the right to determine the proper share of the supplies to be handed over to the Allied Military Authorities at Rotterdam for consigning to the occupied territories after considering the proposed distribution scheme submitted by the Germans. It is contemplated that for the present time this matter will be dealt with by the Standing Food Commission at Rotterdam.

4. *Transport Through Germany.*—The German Government has undertaken to give all facilities and protection to shipments through German ports and inland routes to Czecho-Slovakia and Austria. The Communications Section has been asked to instruct the Naval Authorities as to this undertaking.

5. *Business Communications.*—The Germans were informed that the Associated Governments would facilitate communications by the Germans to foreign countries for the purpose of purchasing foodstuffs from neutrals. For the present, such communications will go through the Rotterdam Food Commission.

MARCH 20, 1919.

Appendix 36

Report from the Shipping Section Regarding the Administration of the Brussels Agreement

The attached document⁶ (which should be added to the reports of the other sections already circulated) shows the new shipping provisions agreed to at Brussels.

These provisions have been studied by the Shipping Section. They consider the agreement raises no new questions of policy requiring decision by the Council, and that the great amount of administrative work which they involve can only be properly carried out through the London organisations. Arrangements are being made accordingly.

*Not attached to file copy; see appendix V to memorandum of the Brussels Conference, Miller, *Diary*, vol. xvii, p. 210.

Supreme Economic Council: Tenth Meeting Held at the Ministry of Commerce [on 24th March, 1919, at 10 a. m.]

The Supreme Economic Council held its tenth Meeting on Monday, March 24th, 1919, at 10 a. m. under the Chairmanship of Lord Robert Cecil.

The Associated Governments were represented as follows:—

GREAT BRITAIN	Sir W. Mitchell Thomson. Mr. E. F. Wise. Sir William Goode.
UNITED STATES	Mr. Hoover. Mr. McCormick. Mr. Norman Davis. Mr. Robinson. Mr. Baruch.
FRANCE	M. Clémentel. M. Loucheur.
ITALY	Signor Ciuffelli. Count di Cellere. Professor Attolico.

54.

The Minutes of the Eighth Meeting were approved.

55. Negotiations With Germany.

(a) With reference to Minute 49, the telegram prepared by the Sub-Committee appointed by the Council at their Meeting on Saturday 22nd. March (37) and dealing with the list of commodities which Germany is prohibited from exporting during the period of the Armistice was submitted and approved.

In agreeing to the terms of the telegram the French Delegates raised the following points:—

(i) That the exchange of commodities between Alsace-Lorraine, Saar Basin and the Rhine Provinces and payment for same should be allowed to proceed as at present.

Agreed.

(ii) That any foodstuffs supplied by France to the Saar Basin and Rhine Provinces should be credited as part of the total quantity of food supplied by France for the revictualling of Germany.

It was the view of the American Delegates that this matter should be referred to the Finance Section for determination together with

the question of supplies by the Allied Armies referred to in Paragraph 4 of Minute 52.

(iii) That the terms of the telegram as approved by the Council shall be without prejudice to any clauses inserted or to be inserted in the Preliminaries of Peace regarding restitution in kind or reparation in respect of devastated areas.

Agreed.

(b) With reference to the Minute submitted by the Sub-Committee to the Council with the above telegram the Italian Delegates submitted a note dated 23rd. March (38) requesting the Council to do their utmost to assist in relieving the serious position as regards the Italian Coal Supply.

It was agreed that the Council should do all in their power to assist in the matter knowing that the Italian Government will co-operate as far as possible in facilitating the work of the Council.

(c) A Minute (39) for submission to the Supreme War Council reporting the despatch of the telegram regarding the list of prohibited articles was submitted and approved.

(d) The Italian Delegates referred to the necessity for taking immediate steps to carry into effect the proposal, in the event of its being accepted by Germany, that representatives of the Associated Governments should proceed to Cologne or other destinations to be designated, to meet the Delegates of the German Government to arrange purchases of articles on the prohibited list.

It was agreed :—

(a) That this and similar questions of detail in connection with the execution of the above proposals should be referred to the Sub-Committee responsible for drafting the telegram and consisting of the following representatives :—

U. K.	Mr. Wise.
U. S. A.	Mr. Lamont.
France	M. Monnet.
Italy	Professor Attolico.

(b) That the Associated Governments should despatch their Delegates to Cologne or elsewhere as soon as the necessary arrangements can be made.

56. German Coastal and Fishing Trade.

(1) A note from the Food Section (40) regarding the removal of restrictions on :—

(a) the limitation of areas within which German fishing vessels may operate and:

(b) the free movement of German Coastal tonnage from one German Port to another

was submitted.

The British Delegate on Blockade matters reported that as regards (a) the Naval Armistice Commission had already authorised the removal of all restrictions on German Fishing in the Baltic Sea and on German fishing in the North Sea between Latitude 53°30' N. and Latitude 56° N and to the Eastward of Longitude 4°30'.

As regards (b) above the American Delegates referred to the desirability of permitting German Coastal tonnage freedom of movement to proceed to and from Northern Neutral Ports.

The following resolution was adopted:—

"That in the view of the Supreme Economic Council there is no objection to exempted ships engaging in Coastal traffic and traffic to Northern Neutrals provided that separate lists of the vessels employed in these two trades are furnished to and approved by the President of the Allied Naval Armistice Commission."

It was decided to forward a copy of the resolution to the Naval Armistice Commission with a request that, subject to their approval, the necessary action in notifying the German Government should be taken.

(2) *Use of Black Listed Neutral Vessels.* The American Delegates raised the question of allowing black listed vessels to proceed to the United Kingdom to lift foodstuffs to be conveyed to Germany.

It was decided to refer the proposal to the Shipping Section for their consideration with the request that a report should be prepared for the next Meeting of the Council.

57. German Trading With Black Listed Firms.

With reference to the decision reached by the Council at the last Meeting regarding the modifications to be made in "Black Listed Procedure" it was agreed that a telegram should be despatched to the German Government embodying the following resolutions:—

(a) "That with a view to assisting Germany to obtain credits in Neutral Countries for the purchase of food supplies in accordance with the promise of consideration given by the Delegates at Brussels, the Associated Governments should inform Germany that immediate announcement will be made that no firm in any neutral country will in future incur the penalty of blacklisting because it has:

(i) Exported foodstuffs to Germany within the limits approved by and in accordance with the regulations of the Associated Governments.

(ii) Afforded credits to Germany for the purchase of such foodstuffs.

(iii) Imported goods permitted by the Associated Governments to be exported from Germany."

(b) "That negotiations and trading with firms in neutral countries even though upon the Black list will be permitted subject to the approval of the Blockade Section of the Supreme Economic Council."

58. Requirements of Allied, Liberated and Enemy Territories.

(a) In accordance with the decision of the Council reported in Minute 36 a memorandum from the Director General of Relief dated 20th. March (41) reporting on the food requirements of Europe and the financial and shipping responsibilities involved therein was submitted and referred to the Finance and Shipping Sections for urgent consideration and report at the next meeting of the Council.

(b) *Supplies for Germany and Czecho-Slovakia.* The Director General of Relief reported that in view of the fact that the German Government had commenced to discharge its obligations regarding the handing over of German merchant shipping he had decided to divert immediately to Hamburg for the revictualling of Germany one cargo of foodstuffs and that it was proposed shortly to order two vessels to that port with foodstuffs for Czecho-Slovakia.

Approved.

59. Communications From the Finance Section.

Resolutions from the Finance Section were submitted as follows:—

(i) *Norwegian Herrings.* The proposals (42) regarding the disposal of surplus stocks of herrings held in Norway by the British Purchasing Agency was noted.

It was agreed to inform the Blockade Section that the Council consider it essential that the recommendation (see Minute 52) regarding the removal of restrictions on export of fish from Scandinavia to Germany should be carried into effect immediately and the Members of the Blockade Section present undertook to have action taken on the matter at their Meeting on 26th. March.

(ii) *Italian Situation.* The report on the Financial position (43) as regards supplies of foodstuffs and other commodities for Italy was noted.

(iii) *Austrian Finance Commission.* The appointment of an Austrian Finance Commission (44) to arrange, as far as practicable, means of payment for foodstuffs supplied to Austria was approved on the understanding that the Commission would report to the Finance Section from time to time.

(iv) *Communication with Austria* (45). It was agreed that communications with the Austrian Government regarding arrangements made for the revictualling of Austria should be effected through the Allied Food Mission at Trieste.

60. Relaxation of the Adriatic Blockade.

With reference to Minute 30 the Chairman reported receipt of information to the effect that although the Supreme War Council had agreed to the proposal that the Blockade on countries bordering on the Adriatic Sea should be raised the Italian Government had not yet carried this decision into effect and suggested that the Italian Dele-

gates should point out to their Government the necessity for withdrawing the Decree[s] of 26th. May and 2nd. June 1915 regarding this matter.¹

The Italian Delegates in agreeing to discuss the point again with their Government pointed out that the instructions given to the Italian Naval Authorities to allow free movement of goods to and from all countries bordering on the Adriatic except those commodities on the prohibited list did in fact result in a practical withdrawal of all blockade restrictions.

It was agreed that the Chairman should receive from the Italian Delegates a report of their negotiations with their Government and should be authorised, if necessary, to bring the matter before the Supreme War Council again.

61. Communications From the Blockade Section.

The following resolutions from the Blockade Section were considered:—

(i) *Trade with Poland* (46). The proposal that all blockade and trade restrictions with Poland should be abolished as from 1st. April 1919 was approved in principle and it was agreed:—

(a) That a resolution should be drafted for submission to the Supreme War Council and approved by the Associated Delegates on the Blockade Section before transmission thereto.

(b) that it was unnecessary to set up any special Allied machinery to ensure the proper control of trade with Poland but that the Polish Commission should be informed of the above decision and requested to make all necessary arrangements regarding this matter.

(c) that the present naval control of the port of Danzig should be sufficient to ensure that information would be immediately forthcoming in the event of the diversion to Germany of cargoes intended for Poland and that the food Section would take care that priority on the railways should be given to essential foodstuffs.

(ii) *Esthonia*. The resolutions of the Blockade Section (47) regarding facilities to be granted for the import of foodstuffs and other commodities into Esthonia were approved and it was decided to forward them to the Supreme War Council.

62. Communications From the Inter-Allied Commission in Paris.

(i) *Luxemburg*. A resolution (48) regarding the re-establishment of normal trade relations with Luxemburg was submitted for the information of the Council.

The French Delegates reported that action on the lines of the resolution was already being taken.

Approved.

¹ See *Foreign Relations*, 1915, supp., pp. 166-168.

(ii) *Rhine Provinces.* Resolutions (49) regarding financial arrangements for supply of commodities to the Rhine provinces were submitted and referred to the Finance Section for consideration.

63. Coal Situation.

With reference to Minute 45 (2) it was agreed that the Sub-Committee appointed to examine the coal position in Europe generally should be requested to submit a report to the Council at their next Meeting.

64. Communications Section.

With reference to Minute 47 it was agreed that the Communications Section should be requested to report to the Council at their next Meeting regarding the appointment of engineers to report on the immediate needs of the countries in Eastern Europe and the best method of satisfying their demand.

65. Organisation.

(i) A general discussion took place regarding the organisation of the Shipping Section and it was agreed that the immediate appointment of a General Secretary was essential.

The French Delegates, warmly supported by both the American and Italian Delegates, proposed that Mr. Salter should be asked to act as General Secretary in view of his past experience of and signal success in the work.

The Chairman stated that he was unable to give a decision immediately regarding this proposal but he undertook to do all in his power to make such arrangements as would meet the wishes of the Council and it was agreed that a general report regarding the organisation of the Shipping Section should be prepared for the next meeting of the Council.

(ii) In view of the immediate necessity for making some arrangements to ensure that the necessary tonnage would be forthcoming to take care of the Allied and Relief Programmes for April loading, it was agreed that a Sub-Committee should be appointed to consider the position and recommend to the Council at the next meeting.

The personnel of the Sub-Committee is as follows:—

United Kingdom	Lord Robert Cecil.
U. S. A.	Mr. Robinson.
France	M. Monnet.
Italy	Professor Attolico.

Appendix 37

Telegram To Be Sent to the Germans Through the International Armistice Commission, Spa, From the Supreme Economic Council

1. The following is the prohibited list promised under para. (4) of the Minutes of the Brussels Agreement of March 14th.² It shall apply during the period of the Armistice and without prejudice to any arrangement to be made there-after:—

War Material of all kinds, including ships of war.

Coal and Coke of all kinds.

Lumber, Timber, Wood pulp, and Printing Paper.

Dye Stuffs.

Such iron and steel products as fall within the following categories: Pig-iron, blocks, billets, constructional steel, steel rails, ship plates.

Sugars.

Window glass.

Electrical Machines and Parts.

Machine tools and machines for industry.

2. The above prohibitions shall not be understood to interfere with such existing privileges as Germany may have to export over her land frontiers.

3. Existing prohibitions of the export of gold, silver and securities shall remain unaffected.

4. The Allied and Associated Governments further declare that, except in the case of war material of all kinds, including ships of war, of which the export is absolutely prohibited, they are prepared to allow exceptions to the foregoing prohibitions under the following conditions:—

(a) Any one of the Allied and Associated Governments shall have the right during the Armistice to purchase at fair equitable prices parcels of any of the articles on the prohibited list which Germany may have available for export.

(b) The representatives of the Allied and Associated Governments will at once meet at Cologne, or at any other place that they may designate, the delegates of the German Government in order to arrange for these purchases. Similar meetings will be held each 30 days thereafter. At each meeting the German delegates shall declare in detail the nature and quantities of goods in the above list available for export during the following 30-day period. The representatives of the Allied and Associated Governments shall, within 4 clear days after the receipt by them of such list declare what commodities and the amounts thereof they wish to purchase. After contracts have been

² See appendix II to the memorandum of the Brussels Conference, Miller, *Diary*, vol. xvii, p. 200.

made for such quantities, the whole balance of listed commodities shall be available for export.

(c) The rights of the Allied and Associated Governments to purchase under this arrangement shall not however extend beyond two-thirds of the total surplus of any of these commodities available for export. In any case Germany shall be allowed to export to neutrals without restriction 1/3 of her surplus available for export.

(d) The net proceeds of such purchases made by any one of the Allied and Associated Governments shall be made available to Germany by the particular purchaser in such a manner that the funds resulting from such a purchase may be used by Germany for payment for food import under the Brussels Agreement. But it shall rest upon Germany to make such conversion as may be necessary.

Appendix 38*

[*Note From the Italian Delegate Regarding] Italian Coal Supply*

The Italian Delegate stated yesterday, and he wishes to repeat with all emphasis to-day, that the telegram dispatched to Germany does not cover the point raised by Italy.

He has, however, abstained from any obstructive policy on the clear understanding that all the Allied Governments would do their utmost to help Italy out of her grave difficulties in regard to the coal supply.

The situation has reached and remains at such a desperate pass that the Italian Delegation feel entitled to ask that the understanding referred to above should be solemnly confirmed by the Council, and that the representatives of the Allied and Associated Governments should convey this message to their respective Governments, and ask to be placed in a position to report at the next meeting the results of the action taken.

MARCH 23, 1919.

Appendix 39

Note for the President of the Peace Conference

The Supreme Economic Council, at its meeting held on Saturday regarding the regulations for German exports, decided that a telegram, fixing the method of procedure, should be drafted on Sunday last by a Committee of Technical Delegates of the Associated Governments.

The Committee met and prepared the annexed telegram,⁴ which was sent to Spa by Marshal Foch.

* Appendixes 38 to 49 are filed separately under Paris Peace Conf. 180. 0501/38.

⁴ See appendix 37, p. 89.

The Economic Council considers that the question put before the Supreme War Council on the same subject is now unnecessary.

MARCH 24, 1919.

Appendix 40

Note From the Food Section Regarding German Coastal and Fishing Trade

It was agreed to submit the following resolution to the Supreme Economic Council for their consideration:—

“It is the view of the Food Section that the restrictions at present existing—

- “(a.) As to the limitation of areas within which German fishing vessels may fish, and
- “(b.) Upon the free movement of German coastal tonnage from one German port to another,

should be removed forthwith.”

The Food Section recommends to the Supreme Economic Council that the Naval Armistice Commission be moved to take this resolution into immediate consideration.

Appendix 41

[Memorandum From the Director General of Relief (Hoover) Regarding] Food Supplies for Europe

In accordance with the request of the Supreme Economic Council, I submit herewith some round estimates as to the food necessities of the Allied Governments, and of the liberated and enemy countries, together with some estimates of finance and shipping involved. I have limited the discussion to the months of April, May, June, and July, for not only will the period of the most severe necessity have been covered within these months, but the German shipping will have become effective in the world's shipping pool towards the end of this period, and also the ground produce will tend to ameliorate the situation with the arrival of summer. The figures given are with a view to visualising the situation for discussion, and other factors may enter for discussion of questions raised. Greece, Portugal, and sundry minor issues are omitted as being compensated for in other quarters.

The following table represents in round numbers the monthly import necessities of the three Allied Governments, to which are added the food imports of the United States, as they materially affect the problem of available world tonnage:—

REQUIREMENTS OF ASSOCIATED GOVERNMENTS

	Cereals	Meats and Fats	Sugar	Oilseeds	Sundries	Total	Cargo Tonnage Required
United Kingdom.....	750,000	130,000	125,000	125,000	100,000	1,230,000	3,300,000
France.....	385,000	50,000	50,000	80,000	25,000	590,000	1,790,000
Italy.....	480,000	30,000	20,000	15,000	20,000	565,000	2,040,000
United States.....	50,000	-----	250,000	50,000	150,000	500,000	1,250,000

In the tonnage calculation a due consideration has been given to the necessity to load a liberal proportion from distant ports.

FOOD SUPPLIES FOR LIBERATED AND ENEMY REGIONS

The following programmes represent a considerable reduction on the amounts considered by our investigators as the monthly volume of food needed, and are far below the amounts computed by the various Governments as necessary. The programmes thus represent compromises based on the maxima of food, shipping, finance, and inland transportation available:—

GROUP I

	Bread-stuffs as Grain	Rice and Pulses	Fats	Milk	Sundries	Total	Cargo Tonnage Required
Belgium.....	100,000	10,000	12,000	2,000	-----	124,000	300,000
Czecho-Slovakia.....	50,000	5,000	4,000	1,000	200	60,200	180,000
Roumania.....	40,000	5,000	4,000	5,000	200	54,200	180,000
Greater Serbia.....	40,000	5,000	4,000	1,000	200	50,200	150,000
Total.....	280,000	25,000	24,000	9,000	600	288,600	810,000

GROUP II

Finland.....	15,000	5,000	4,000	1,000	200	25,200	75,000
Poland.....	45,000	5,000	4,000	1,000	200	55,200	165,000
Baltic States.....	10,000	2,000	2,000	500	200	14,700	45,000
Christian Turkey.....	10,000	5,000	1,500	500	200	17,200	55,000
Total.....	80,000	17,000	11,500	3,000	800	112,300	343,000

GROUP III

Bulgaria.....	15,000	-----	-----	-----	-----	10,000	30,000
Austria.....	30,000	4,000	4,000	500	-----	38,500	120,000
Hungary.....	20,000	-----	3,000	500	-----	23,500	70,000
Turkey.....	10,000	5,000	-----	500	-----	15,500	50,000
Total.....	75,000	9,000	7,000	1,500	-----	87,500	270,000
Grand Totals.....	385,000	51,000	42,500	13,600	1,400	488,400	1,423,000

GROUP IV

Germany.....	250,000	50,000	60,000	10,000	-----	870,000	1,000,000
							2,423,000

There can be no guarantee that the above maxima will either synchronise or eventuate, for without rigorous action with regard to

finance, and especially in shipping from the Associated Governments, there can be little hope that these programmes will ever be delivered.

It may be stated that there are sufficient food supplies in the exporting countries to cover these programmes, and that the solution of the problem resolves around shipping and finance.

SHIPPING

The following table indicates the approximate available tonnage amongst the various Governments of 1,600 tons and over, excluding tankers, sailing vessels, and ships under repair, and also excluding tonnage being used for military and naval purposes. The table also shows roughly the estimated amount of tonnage required for food and coal imports and coal distribution, and indicating the margin of tonnage available to each of the four countries for raw materials and trade purposes:—

	Controlled Tonnage	Needed for Food Imports	Coal Imports	Net Surplus or Deficiencies
United Kingdom.....	13,012,000	3,300,000	plus	9,712,000
United States.....	4,281,000	1,250,000	plus	3,031,000
France*.....	2,443,000	1,790,000	300,000 plus	353,000
Italy*.....	2,012,000	2,040,000	600,000 minus	minus 628,000
Relief.....				minus 1,400,000

*Ex. Contributors United Kingdom and United States.

If we consider the movement of food and coal to have the first priority, we have then to consider the minimum raw material and trade needs to each country before assignment of the burden to be carried by the countries of surplus shipping.

The support of national life in the Associated countries extends beyond the provision of food and coal into raw material and trade generally, but as to how far sacrifices may be claimed from the trade and raw material from one country to another must be a matter of some compromise and adjustment.

The Germans will require some assistance in the shipments of food, because their own ships will not return laden before the 1st June. Assuming the existing stocks in Europe will yield supplies to, say, 250,000 tons to Germany in April, they will need at least 200,000 tons delivered in May, although, of course, this should be made nearer 400,000 tons. In any event, this will imply April loading in order to obtain May delivery. The programmes of the other three relief groups will require approximately 500,000 tons of loading in April, of which 80,000 tons is already arranged for Belgium, leaving 420,000 tons of loading to be provided, which, in addition to the 200,000 tons for Germany, would give 620,000 tons of loading to be provided from Associated shipping in April. As it is assumed the Germans will be loading their own programmes in May, the call upon the Associated

Governments would be for the relief regions, as it is not expected that the German shipping during May would, in cargo capacity, much exceed their own demands. It is therefore necessary for the Associated Governments to provide loading in May for 420,000 tons for June delivery. Assuming that the German cargo tonnage is generally at motion, it should be able to carry some of the burden of June loading for the three relief groups, reducing the call on the Associated Governments to possibly 200,000 tons.

FINANCE

The finance of supplies to liberated countries rest upon—

- (a) Some minor reviving in exports, and
- (b) Use of liquid securities, and
- (c) Credits.

The following table would indicate a rough hazard at the situation :—

	Monthly Cost	Four Months	Exports Realisable	Liquid Assets	Credits to Provide
Belgium.....	\$27,100,000	\$108,400,000	? \$5,000,000	? \$15,000,000	\$108,400,000 44,080,000
Czecho-Slovakia.....	12,270,000	49,080,000			26,080,000
Roumania.....	12,770,000	51,080,000			43,080,000
Greater Serbia.....	10,770,000	43,080,000			
	62,910,000	251,640,000	15,000,000	15,000,000	221,640,000
Finland.....	7,020,000	28,080,000	5,000,000	15,000,000	8,080,000
Poland.....	11,520,000	46,080,000			46,080,000
Baltic States.....	3,810,000	15,240,000			15,240,000
Christian Turkey.....	4,270,000	17,080,000			17,080,000
	26,620,000	106,480,000	5,000,000	15,000,000	86,480,000
Bulgaria.....	2,000,000	8,000,000		8,000,000	
Austria.....	8,630,000	34,520,000			34,520,000
Hungary.....	5,350,000	21,400,000			21,400,000
Turkey.....	3,100,000	12,400,000	5,000,000		7,400,000
	19,080,000	76,320,000	5,000,000	8,000,000	63,320,000
Grand Totals.....	108,610,000	434,440,000	25,000,000	38,000,000	371,440,000

It has appeared to me vital to stimulate the initiative of the different liberated Governments to self-help in their own difficulties. I have, therefore, proposed to a number of them that they should at once establish either commissions or corporations of semi-official character and comprised entirely of their own nationals; that these commissions should open offices in the principal trade centres of the various countries; that their Governments should secure for them some working capital in the different Allied countries; that they should, with the benevolent assistance of the Associated Governments, charter their own shipping and undertake the transportation inward of their own food supplies and outwards of export commodities. Under this plan they can be given an initial capital in food by way of advances which, on sale within their own territory through their own distributing sys-

tems, they can realise local funds which can be invested in export commodities, thus the economic cycle to some degree will be re-established. It is my hope that the deficiency in these commission budgets would be a minimising amount, with the growth of initiative and exports, until they would, by next harvest, arrive at some sort of equilibrium.

Satisfactory progress is being made in the establishment of these commissions. The plan has the great value of enabling the gradual withdrawal of sheer relief measures in favour of economic assistance, and if there is enough initiative and ability in these commissions they should contribute most materially to the economic rehabilitation of their respective countries. The first of the countries to emerge into this situation will be Belgium, and the second the Czecho-Slovakia. I am hoping for the early construction of the Roumanian and other administrations of this character.

Tables are attached indicating the method of determination of present use of tonnage.

HERBERT HOOVER

MARCH 21 [20?], 1919.

TONNAGE SITUATION OF THE UNITED STATES, THE UNITED KINGDOM, FRANCE, AND ITALY IN RELATION TO FOOD AND TRANSPORT REQUIREMENTS

(Not including bunkers)

	United Kingdom	United States	France	Italy	Relief
Total available merchant tonnages controlled (except that furnished by United States and United Kingdom to France and Italy).-----	13,012,000	4,281,000	2,443,000	2,012,000	-----
Deduct: Required—					
Food imports.....	3,300,000	1,250,000	1,790,000	2,040,000	1,400,000
Coal imports.....			300,000	600,000	-----
Balance available for other uses.....	9,712,000	3,031,000	353,000	628,000	1,400,000
Balance required from other sources.....					
Deduct tonnage supplied by United Kingdom and United States to—					
France.....	905,000	176,000	-----	-----	-----
Italy.....	932,000	182,000	-----	-----	-----
Relief.....	58,000	753,000	-----	-----	-----
Minor food uses.....	26,000	117,000	-----	-----	-----
Cereal service unallocated.....	739,000	-----	-----	-----	-----
Total contribution.....	2,660,000	1,228,000	-----	-----	-----
Balance available for other domestic uses.....	7,052,000	1,803,000	-----	-----	-----
Amounts received from United States.....	-----	-----	176,000	182,000	753,000
Amounts received from United Kingdom.....	-----	-----	905,000	932,000	58,000
Total.....	-----	-----	1,081,000	1,114,000	811,000
Total tonnage available for uses other than food.....	-----	-----	1,434,000	486,000	-----
Deficiency in relief tonnage.....	-----	-----	-----	-----	589,000

Tonnage includes 1,600 gross tons and over, except tankers, sailers, military use, and repairing. All figures in deadweight tons. Coastwise shipping of United States excluded.

NOTE.—It appears from this table that of the total tonnage of United Kingdom (13,012,000), 25 per cent. (3,300,000) is required for her own food used and 20 per cent. (2,660,000) is contributed to Allied uses and relief. Of the total tonnage of United States (4,281,000), 29 per cent. (1,250,000) is required for food uses and 28½ per cent. (1,228,000) is contributed to Allied uses and relief. Of the tonnage remaining, after providing for domestic food import requirements, United Kingdom contributed to Allied and relief uses 27½ per cent. (2,660,000 out of 9,712,000), and United States 40½ per cent. (1,228,000 out of 3,031,000).

TONNAGE CONTROLLED BY UNITED KINGDOM, FRANCE, ITALY, AND UNITED STATES, MARCH, 1918

	United Kingdom	France	Italy	United States
National Tonnage.....	13,012	1,710	1,048	4,281
Neutral Tonnage.....	339	339	317	-----
Allied (except United States and United Kingdom).....	287	287	150	-----
Wheat Executive Control.....	88	88	-----	-----
Austro-Hungarian.....	114	114	517	-----
Total.....	13,012	2,558	2,032	4,281
Deduct*.....		115	20	-----
Balance.....	13,012	2,443	2,012	-----

* These are amounts in use by United States and United Kingdom chiefly, and are probably included in their figures of tonnage available.

Tonnage includes 1,600 gross tons and over, except tankers, sailers, military use and repairing. All figures in deadweight tons. Coastwise shipping of United States excluded.

Appendix 42

Resolution of Finance Section Regarding Disposal of Surplus Stocks of Herrings Held in Norway by the Norwegian Purchasing Agency

That all the stocks of herrings held in Norway by the British Purchasing Agency may be sold as and where they lie to the Norwegian Government at a flat rate, irrespective of their condition; that the Norwegian Government, provided it can make the necessary financial arrangements, be allowed to export one million or more barrels to Germany, and further amounts to Poland, Estonia, the Tchecho-Slovak Republic, and Austria; that Germany be allowed to pay for these herrings in cash out of any balances she may have in Norway, Sweden, and Denmark, and/or by export of goods urgently required in Norway,

subject to the observations of the Blockade Committee and to the quantities to be exported from Germany being fixed in advance.

These arrangements were agreed to by the Financial Sub-Commission from a purely financial point of view, and it was decided to make recommendations in this sense to the Supreme Economic Council.

Appendix 43

Report of Finance Section Regarding the Italian Situation

With reference to the memoranda laid by the Italian Representatives before the Supreme Economic Council on the 25th February,⁵ it was agreed that the difficulties set forth in these memoranda would appear to be not primarily financial. The commodities principally referred to are cereals, meat, pork products, and coal. As regards cereals, the available finance exceeds shipments up to date. This is also the case as regards pork. The Finance Section is not aware of any financial difficulties as regards coal. There remains South American meat. For the finance of this, a loan is in course of arrangement from the Argentine Government. Pending completion of this loan, further shipments are impossible.

The Italian Representative pointed out that if this credit is not made available immediately, there seems to be no way for Italy to get the meat, except through some financial arrangements by the Associated Governments. He expressed his anxiety that the matter should be treated as one of the utmost urgency.

Appendix 44

Resolution of Finance Section Regarding the Austrian Finance Commission

That the Supreme Economic Council be recommended to appoint a Commission, consisting of one representative each from England, France, and Italy, to go to Austria and make the necessary financial arrangements for the payment of food supplied to German Austria.

Mr. Keynes announced that he was trying to secure the services of Sir Francis Oppenheimer as the British Commissioner in Austria. Captain Jung undertook to obtain from his Government the nomination of an Italian Representative.

⁵ Memorandum of February 23, 1919, p. 8.

The duties of the Commission would be to make arrangements for securing a lien on Austrian salt mines, &c., and to provide by any other means in their power for the payment of food supplies. Sir Francis Oppenheimer, if he were to be the British Representative, would also report to the Finance Section on the currency situation in Austria, and make proposals to them on any financial questions that might arise.

Appendix 45

Resolution of Finance Section Regarding Communication With Austria

That the Financial Sub-Commission should invite the Supreme Economic Council to communicate through Berne to the Austrian Government the arrangements which have been made for the revictualing of German Austria.

Appendix 46

Resolutions of the Blockade Section as to the Removal of Blockade and Trade Restrictions on Poland

The following Resolution was adopted for submission to, and appropriate action by, the Supreme Economic Council:—

RESOLVED—

“That all blockade and trade restrictions with Poland shall be abolished and all commerce shall be free with all ports thereof, beginning the 1st April, 1919, on which date public notice shall be given to this effect, satisfactory machinery to be set up before that date for the proper control at Danzig.”

FURTHER RESOLVED—

“That, pending the approval by the Supreme Economic Council and the Supreme War Council of the raising of all blockade and trade restrictions with Poland, each of the Associated Governments represented on this Council shall designate a delegate to discuss the machinery which it will be necessary to establish for the proper control of trade with Poland.”

NOTE.—It will be necessary for the Supreme War Council to give instructions that the Naval Blockade should be raised for the Polish coast covering Danzig.

Appendix 47*Resolution of the Blockade Section Regarding the Import of Foodstuffs and Other Commodities Into Estonia*

WHEREAS, it is desirable that reasonable quantities of commodities should be permitted to reach Estonia,

RESOLVED—

That, subject to guarantees being given that no imported commodities and no articles manufactured therefrom will be exported to Germany and Bolshevik Russia,

(1) Applications for permission to ship commodities to Estonia shall be made to, and decided by, the Allied Blockade Council in London, except in so far as such shipments are made from Norway, Sweden, Denmark, and Holland.

(2) The Inter-Allied Trade Committees in Norway, Sweden, Denmark, and Holland shall be authorised to endorse licences for the export of commodities from these countries respectively to Estonia, and shall notify the Allied Blockade Council of the exports affected under this arrangement in order that the rations of the exporting countries may be credited to the extent of the exports made.

(3) The Allied Blockade Council shall be requested to prepare at once an estimate of the quarterly requirements of Estonia in the matter of foodstuffs and most important raw materials, based, in the case of foodstuffs, on the instructions of the Food Section and, in the case of other commodities, upon the best material available. Imports shall not be authorised in excess of the estimated quarterly requirements.

(4) The Inter-Allied Trade Committees in the northern neutral countries shall be requested to authorise exports to their respective countries from Estonia.

(5) The Allied Blockade Council shall be empowered, if they consider it necessary, to set up an Inter-Allied Trade Committee at Reval.

(6) The announcement of these arrangements to be made on the 1st April, 1919.

NOTE.—It will be necessary for the Supreme War Council to give instructions that the Naval Blockade should be raised for the Estonian coast, in accordance with the terms of the resolution.

Appendix 48*Resolution From the Inter-Allied Commission in Paris Regarding the Re-establishment of Normal Trade Relations With Luxemburg*

(Meeting held on the 18th February, 1919)

The Inter-Allied Economic Committee will deal with imports and exports of the Grand Duchy of Luxemburg, with the help of a representative of local interests, in order to facilitate, as far as possible, the re-establishment of normal life in the country.

The Paris Commission is of the opinion that commercial relations with Luxemburg should be re-established as soon as possible on a large scale, on the understanding that imported commodities are not re-exported, and under the reservation that preventive measures are taken by the Inter-Allied Economic Council in connection with German firms.

Appendix 49*Resolution From the Inter-Allied Commission in Paris Regarding Financial Arrangements for the Supply of Commodities to the Rhine Provinces*

(Decision of the Meeting of the 11th March, 1919)

The Commission recommends that the following measures be taken, with a view to centralising the control of all exchange transactions in the Rhine countries:—

1. The present German system, Divisenstellen, shall be adopted by the Associated Governments and centralised in all which concerns the occupied territories under a central Divisenamt which shall be established. According to all indications, this central bureau of compensation should be located at Cologne. The local banks in the occupied territories, which will be qualified to exercise the function of Divisenstellen will be chosen as a rule among those which, under the present German law, are qualified to handle transactions of foreign exchange.

2. The above-mentioned organisation will control all exchange transactions within the Rhine territories, be it with associated countries, be it with neutral countries. The present German law, which regulates the transactions called Divisen in Germany, shall be applied in the Rhine countries, in touch with the Central Bureau of Compensation at Cologne, which henceforth will control all operations in occupied zones in the same manner as they were originally controlled from Berlin.

3. The principal aim of the project above indicated is to assure the Associated Governments being fully informed in all matters concerning the foreign exchange situation in the Rhine countries.

With this end in view, it will be indispensable that experts in matters of exchange—French, Belgian, American, and English—be attached to the Bureau of Compensation. The above-mentioned experts will control all transactions of Divisen in the occupied zones, in collaboration with the Germans, who have a perfect knowledge of the system of control as applied to transactions of this kind.

4. From the moment when this organisation shall have been put into operation under the control of the military authorities in the diverse zones, in accordance with the directions of the Inter-Allied Economic Council of Luxemburg, the Associated Governments shall establish an effective control over all exchanges, and shall thus be in a position to fully instruct themselves regarding all foreign securities held abroad by the inhabitants of the Rhine countries, be it in Allied countries or in neutral countries.

5. If the Superior Economic Council approves this resolution (which will be executory on the 28th March), and if the Belgian Government is also agreed, measures will be immediately taken for the application of the preceding dispositions throughout the entire Rhine territories.

MARCH 20, 1919.

Supreme Economic Council: Eleventh Meeting Held at the Ministry of Commerce [on 7th April and 9th April, 1919, at 10 a. m.]

The Supreme Economic Council held its Eleventh Meeting on Monday, 7th April, & Wednesday 9th April 1919, at 10 a. m. under the Chairmanship of Lord Robert Cecil.

The Associated Governments were represented as follows:—

GREAT BRITAIN	Lord Robert Cecil. Sir W. Mitchell Thomson. Mr. Keynes. Mr. E. F. Wise.
U. S. A.	Mr. McCormick, Mr. Hoover, Mr. Norman Davis, Mr. Robinson.
FRANCE	M. Clémentel, M. Boret,
ITALY	Signor Crespi. Signor Paratore, Prof. Attolico. Count di Cellere, Signor Pirelli.

66.

With reference to Minute 49 (Ninth Meeting) a declaration by the French Delegates appearing in the attached memorandum (50) was submitted, and it was agreed that Minute 49 should be amended to include it.

With reference to Minute 55 (Tenth Meeting) it was stated that the Finance Section were of the opinion that the points raised by the French Delegates had not been agreed by the Council. The French Delegates stated it was their distinct understanding that the first and third points had been agreed and observed that they had only agreed to the despatch of the telegram on this understanding.

It was agreed that the matter should be referred to the Finance Section for report within the next twenty-four hours regarding the questions involved.

With reference to Minute 58, it was noted that no report had been received regarding the financial responsibilities involved in meeting the requirements of allied, liberated and enemy territories.

It was agreed that in view of the importance of the matter the Finance Section should be instructed to report at the next Meeting.

With the exceptions noted, the Minutes of the 9th and 10th Meetings were approved.

67. The General Economic Position.

Following discussion of the note submitted by Lord Robert Cecil (51), the following resolution was adopted:—

“This Council regards the present economic position of Europe as one of the utmost gravity and ventures to draw the attention of the Associated Governments to the extreme urgency of the situation.”

68. Communications From Supreme War Council.

A memorandum on the decisions reached by the Supreme War Council on 28th March, 1919 (52) was considered.

(a) *Raising of Blockade on German Austria* (Minute 44). It was noted that the necessary action had been taken.

(b) *Hungary* (Minute 44). The Chairman reported that General Smuts had enquired whether in the event of his finding it desirable to offer a relaxation of the blockade of Hungary the Supreme Economic Council would agree. The Chairman mentioned that he had informed General Smuts that he personally would support such a proposal.

(c) *Re-opening of Trade with Estonia* (Minute 61.ii). It was noted that the necessary action had been taken.

Re-opening of Trade with Latvia and Lithuania. The resolution of the Blockade Section adopted at its special meeting of 20th. [29th?] March (53) was accepted subject to confirmation by the Naval and Military Authorities which should be obtained, if possible, within 24 hours.

(d) *Removal of Restriction on Trade with Poland* (Minute 61.i.). It was noted that the necessary action had been taken.

(e) *Re-opening of Rhine Traffic.* It was stated that the Military Authorities had no objection to the proposal and that the necessary action had been taken.

69. Foodstuffs for Bavaria.

The following reference from the Supreme War Council was considered:—

“Whether, having regard to the terms of the Brussels Agreement, it is economically possible to send food independently to Bavaria apart altogether from the political expediency of doing so.”

It was agreed that the following reply should be made:—

“Without expressing any opinion on the political aspects of this question, the Supreme Economic Council is of opinion that the course proposed would not, from the point of view of food and finance, be desirable nor so far as they can see possible. If, however, any definite proposal for carrying it out is placed before them, they will be ready to give it their consideration.”

70. Transport of Polish Troops to Dantzig.

A report from the Shipping Section (54) regarding the transport of Polish troops to Dantzig was considered.

It was agreed that, having heard the message from General Weigand [*Weygand*] to the effect that the land routes would be used for the time being, it was unnecessary to take any action.

It was reported that the boats originally designated by the British Ministry of Shipping for this service, had been released.

71. Tonnage Requirements for Allied, Liberated and Enemy Territories.

A report from members of the Statistical Section of the Allied Maritime Transport Council dated 28th March (55) and an analysis of this report dated 3rd April (56) submitted by the American Delegates were considered.

(a) It was stated that the Shipping Section had agreed not to consider the observations on the 1st and 2nd pages of the report first mentioned. The American Delegates expressed the view that the function of the statisticians was only to provide statistical data from which the Section itself might draw conclusions.

(b) The Director-General of Relief reported that no reply had been received from the Shipping Section to the requests for the provision of tonnage for the several programmes. He stated that the critical necessity was to procure tonnage for May delivery; that he had obtained 400,000 tons of relief loading from the United States Shipping Board, but that even a part of the German programme could not be maintained in May unless arrangements were made for diverting 100,000 tons for relief purposes out of the 900,000 tons now designated by the Wheat Executive to load in the United States.

The following resolution was adopted:—

"The Council is of opinion that the ordinary demands of the countries represented on the Wheat Executive should be reduced to the lowest possible point for arrival before the end of May and that any balance of cargoes so made available should be diverted to general relief, including Germany, subject to replacement as early as possible by German vessels later in the year."

72. German Coastal Traffic.

(a) A Resolution of the Blockade Section respecting the limitation of cargoes to be carried in German vessels to and from Northern Neutrals (57) was noted and approved.

(b) A communication from the Allied Maritime Transport Council regarding Black List of Neutral Ships (58) was submitted.

The British Delegates suggested that, in view of the additional information now available, this matter should be referred back to the Shipping Section for further consideration.

Agreed.

It was further agreed :—

(a) That the Section should take into consideration the desirability of securing the use of small ships now available in the Baltic.

(b) That the Section should be authorised to take the necessary action and report to the Council at the next meeting.

73. Ships in the Adriatic Claimed by Jugo-Slavs.

A memorandum dated 26th March 1919 (59) reporting a request from the Serbian representatives in Paris for the appointment of a Commission to act with reference to Paragraph V of the Naval Clauses of the Armistice with Austria-Hungary,¹ and a letter from Mr. Pashitch to the Peace Conference, dated 25th March (60), were considered.

It was agreed that the question should be considered by a special committee to be established composed of representatives of the four Governments under the Chairmanship of a Representative of the Department of State of the United States.

The Italian Delegates expressed the view that the question was purely technical in character.

74. Organisation.

(a) A report of the Committee on organisation and procedure of the Council and its Sections (61) was adopted and it was agreed that a Committee composed of Lord Robert Cecil, Mr. Hoover, M. Clémentel, and Signor Crespi should consider the question of personnel.

(b) A report dated 24th March (62) upon the organisation of allied shipping work under the Supreme Economic Council was adopted, it being noted that the Associated Governments concurred in the proposal that the Allied Maritime Transport Council should terminate its existence.

It was agreed, that the Shipping Section should immediately appoint a Chairman and a Secretary.

(c) The recommendations regarding press arrangements were adopted (63) and the following appointments were made :—

United Kingdom	Mr. Mair
United States	Mr. R. S. Baker
France	M. Comert
Italy	Count Zucchini

75. Nitrates to Countries Contiguous to Germany.

A communication from the Finance Section dated 31st March 1919 (64) was considered.

It was agreed that the Nitrate Executive should be left to deal with the matter.

¹ For the terms of the armistice with Austria-Hungary, see vol. II, p. 175.

76. Private Remittances to Germany.

A communication from the Finance Section dated 26th March (65) respecting the collection of private remittances to Germany which might be utilised in payment of German Food supplies, was considered and referred back to the Finance Section for further consideration.

77. Report of Communications Section.

A report from the Communications Section dated 5th April (66) was submitted.

Need of Rolling Stock for Liberated Countries. The Chairman of the Section reported that the liberated countries were in need of rolling stock, the requirements for Poland being 250 locomotives and 3000 wagons, of which 100 locomotives and 2000 wagons were urgently required; that the Military Authorities had agreed to supply 30 locomotives for the transport of General Haller's divisions to Poland and 50 locomotives for Roumania, and that the present problem was that of meeting the balance of the general needs.

In view of information received to the effect that a large surplus of rolling stock was held by the Armies, the following resolution was adopted:—

"The Council, being of opinion that the question of rolling stock in Poland, Czecho-Slovakia and Roumania is of extreme urgency, not only for relief and reconstruction, but for political and military reasons, refers it to the Communications Section to investigate with the Military Authorities what locomotives and wagons are available in the different armies and elsewhere. The Section shall report as soon as possible what are the exact wants of the above countries and what steps can be taken to supply them and the Section shall have power to take any action they think desirable and possible.

The Council is further of opinion that if 300 locomotives and 3000 wagons, or any less number, are available for the economic needs of these countries, they should be placed at the disposal of the governments concerned in accordance with the distribution recommended by the Communications Section and with the assent of the Finance Section if any credits are required."

With reference to the concluding portion of the above resolution, it was noted that under the present agreement between the Associated Powers credits furnished for relief and reconstruction purposes shall be a first charge upon reparation payments which may be received from enemy countries.

Reference was made to the fact that the Roumanian Government is purchasing railway equipment from different countries and private companies, and it was agreed that, in order fully to co-ordinate the work, the Communications Section should be informed in advance of all such purchases, and they should notify the Finance Section of their approval in all cases where credits are involved.

The American Delegates submitted that it was very desirable to stimulate private enterprise in the purchase of reconstruction material and also to facilitate to the utmost mail and telegraphic communications to and from the liberated countries.

Agreed.

78. German Exports.

1. Following a discussion on a draft reply to a German Note dated 2nd April (67) regarding the conditions under which German commodities might be exported—

It was agreed :—

I. That the following reply should be made :—

[“] (i) The Allied and Associated Governments have noted the Note presented by the members of the German Financial Delegation at the Château de la Villette on April 2nd 1919.

(ii) They point out that the arguments set forth therein may have reference to peace conditions, but not to the execution of the stipulations of the Armistice.

(iii) The conditions which were set out in the Agreement of Brussels,² and which were notified to the German Government in supplementary notes, have for their aim the revictualling of Germany with foodstuffs. The Allied and Associated Governments give the following answer to the verbal questions put by Dr. Melchior on April 2nd :—

(a) The exports dealt with in Section 1 of the telegram of 24th March,³ of which $\frac{2}{3}$ rds are to be offered to the Allies under Section 4b & c are the balance available after deducting the exports permitted under Section 2.

(b) Section 4a of the telegram of 24th March should be interpreted as follows :—

Prices in their opinion fair and equitable will be proposed by the Allies and if these prices are not accepted by the German Government for any article, the conditional relaxation of prohibition of export of that article cannot come into effect.”

II. That a Committee composed of representatives of the Blockade and Raw Materials Sections should meet immediately to fix the prices for exports to be purchased by the Allies.

The correct interpretation of p. 4(c) of the telegram dated March 24th. sent to the Germans (as to whether Germany might export $\frac{1}{3}$ of her surplus if she refused the prices established by the Allies for their purchases) was discussed and as no agreement could be reached the point was reserved for further consideration if necessary.

III. A report of the negotiations between the Interallied and German Delegates at Cologne regarding the export of coal from Germany in payment for food (68) was submitted.

² See Miller, *Diary*, vol. xvii, pp. 197-214.

³ See appendix 37, p. 89.

It was agreed:

(a) That the materials mentioned in Clause 2 as required for the purpose of increasing the German coal output and exportable surplus should be sold to the Germans notwithstanding the interruptions of the negotiations at Compiègne upon the general question of German exports.

(b) That there was no objection to payment for such materials being made out of German funds available for the payment of food.

79. Communications From the Blockade Section.

Resolutions and reports from the Blockade Section regarding:

(a) Transport of coals by the sea route from the Ruhr to East Prussia (69)

(b) Raising of blockade on the Adriatic (70)

(c) Suspension of restrictions on import into Germany of fish caught in European waters (71)

(d) German correspondence in connection with the Brussels Agreement (72 & 73)

were noted and approved.

In conjunction with the report regarding German Correspondence (72) a note submitted by Sir H. Llewellyn Smith (74) was considered, and it was agreed that, subject to the approval of the Military Authorities, the negotiations regarding the German exports should be held at Compiègne.

It was agreed, however, that this decision should not prejudice any administrative arrangements already made or subsequently to be made.

80. Import of Vegetables From Neutral Countries Into Germany.

The Director General of Relief reported that he had been advised that imports of vegetables from Neutral Countries into Germany had been delayed because of the failure of the Foreign Offices to notify the Neutral Governments that the previously existing restrictions had been removed.

It was agreed that the members of the Council should endeavour to arrange that such action should be taken by their respective Governments as would remedy the existing situation.

It was noted in this connection that the restrictions on the export of vegetables from the Northern Neutrals should now apply only in the case of Holland.

81. Suspension of Enemy Trade and Black Lists.

A resolution dated 31st. March respecting suspension of all enemy trade and black lists of the Associated Governments (75) was submitted by the American Delegates on the Blockade Section.

While the British and French Delegates were unable to accept the resolution finally it was agreed that it should be adopted in the following form, for submission to the respective Governments:—

[“] RESOLVED, That on and after April 1 on which date publication shall be made to this effect, all Enemy Trade and Black Lists of the Associated Governments, whether Official, Confidential or Cloak, shall be suspended until further notice, it being understood that in case of need the Associated Governments are prepared to put in force again these Black Lists.”

82. Abolition of Telegraphic and Cable Censorship.

A resolution regarding abolition of telegraphic and cable censorship (76) was submitted by the American Delegates on the Blockade Section.

It was agreed that the memorandum should be deferred for further consideration at a subsequent meeting to enable the Delegates to endeavour to obtain the assent of their respective Governments.

The American Delegates stated that while concerted action was preferable, the Government of the United States might find it necessary to take independent action.

83. Relations With Germany.

The recommendations in the Memorandum by Mr. Wise on the Commission[s] set up under the Armistice with Germany and their relations to the Supreme Economic Council (77) were agreed and referred to a Committee of four:—

U. K.	Mr. E. F. Wise.
Italy.	Prof. Attolico.
U. S.	Mr. Legge.

and a French Member to be appointed, with power to put the recommendations into immediate action.

It was further agreed that the Memorandum should be presented to the Council of 10, it being stated that the scheme so far as it concerned economic matters has received the approval of the Supreme Economic Council and was being put into immediate operation.

The American Delegates reserved the right to refer the scheme back to the Supreme Economic Council at its next meeting if, after further examination, they find themselves unable to come to an agreement with the Committee on any detailed proposals.

84. Relief of Odessa.

Correspondence between Mr. Gorvin and Mr. Hoover (78 and 79) was submitted and it was noted that under the present conditions the Council was not required to take any action.

85. Italian Coal Supply.

The French Delegates reported that it is at present impossible to supply Italy with 150,000 tons of coal monthly from the Saar Basin, that at present 1,500 tons are being shipped daily and it is expected that in a short time this may be increased to 3,000 tons.

Appendix 50⁴*Statements Made by the French Delegates Regarding German Exports*

The French Delegates stated :—

1. That, in agreement with the entire Council, they consider it essential to supply Germany within the limits and conditions fixed by the Supreme War Council.
2. That, when putting this work of supply into operation, it is necessary :—
 - (a) To preserve German reserves of gold, silver and securities;
 - (b) To urge the German population to restart work;
 - (c) To ensure to the devastated areas priority in the supply of the necessary materials and machinery;
 - (d) To in no way prejudice the conditions of the Preliminaries of Peace.

Consequently, they asked that it should be placed on record that, although they had no intention of hindering the progress of economic life in Germany, nor of weakening the engagements entered into by the Associated Governments, they were obliged to insist on priority being given to them by one means or another in the supply of the various essential materials necessary for the reconstruction of the devastated areas.

Appendix 51

Note Submitted by the British Delegates on the General Economic Position in Europe

1. By far the most important task before the Allied Governments is to get production and internal and external "exchange economy" working again on something like normal lines. Before the war some 400,000,000 Europeans, by working their hardest just managed to feed, clothe, and house themselves and perhaps amass six months capital on which to live. That capital has vanished; the complicated machinery of internal and external production is more or less smashed; production

⁴ Appendixes 50 and 51 are filed separately under Paris Peace Conf. 180.0501/34.

has to a great extent ceased. The largely increasing population of Europe has only been maintained by the increasing development and inter-connection of world industry and finance. If this is not only checked, but for the time being destroyed, it is difficult to see how the population can be maintained at any rate during the very painful period of drastic readjustment. If free movement were possible and other countries could absorb it, there would inevitably be a vast immigration from Europe, until an equilibrium were established between the numbers of the population and the means of livelihood. As that is not possible this equilibrium must be reached in some other way. In Russia it is being reached, it appears—

- (a) By reduction of population by starvation;
- (b) By drastic change of occupation, e. g., by the town population being forced out on to the land as labourers.

To what extent the same conditions spread over the rest of Europe must depend largely on whether or not the obstacles to the resumption of production can be overcome and overcome rapidly. Certainly a population increasing as the German did by nearly 1,000,000 every year could not permanently be supported without an intensive industrial system at full blast.

2. The obstacles to the resumption of production are numerous. The main ones are the following:—

- (1) Destruction or disrepair of fixed plant and means of transportation, i. e., railways, canals, factories.
- (2) Lack of raw materials, i. e., destruction by war of all working capital.
- (3) Consequent loss of external purchasing power, i. e., lack of exports.
- (4) Depreciation of currency; often chaos of currency system.
- (5) Huge rise in prices, consequent loss of equilibrium between internal prices and world prices rendering export difficult.
- (6) Huge floating indebtedness to other countries.
- (7) Reduction of agricultural production owing to currency troubles and lack of purchasing power on the part of the industrial population.
- (8) Enormous taxation, acting as almost complete deterrent to new enterprise.

(N.B.—System of double income-tax very great handicap to investment of American capital in England.)

- (9) Political obstacles such as tariffs and blockade between different parts of old Austria-Hungary.
- (10) Government restrictions due to blockade and other causes.
- (11) Labour difficulties.
- (12) General lack of confidence and uncertainty arising from above conditions.

All the difficulties are not present in all countries. But in general they exist in all belligerent European countries. It is a question of degree, shading down from England to France, France to Italy, Italy to Germany, Germany to the Austro-Hungarian countries, and the latter to Russia. The difference between the position in England and the complete economic prostration of these latter countries is enormous. Therefore our difficulties on getting the wheels of industry really going may be some index to the problem in these other countries.

3. It is obvious that there is no one remedy for existing evils. If we are to help the prostrate countries of Europe, it is no good in my opinion taking up the problem piecemeal, or acting on the lines of poor relief. We are ourselves so exhausted that we cannot afford to waste a single penny unnecessarily. We should either recognise the problem is too big for us and abandon it or take it up comprehensively.

It is useless merely to pour in food. That may be necessary as an emergency measure. By itself it will never solve the problem. We must induce these countries, as they no doubt can, to produce enough food for themselves. We cannot be sure they will do this without getting their industry going too. The difficulty is that their economic balance is upset. In the main, a country's agricultural produce is exchanged against manufactured articles. If industry is not producing, the farmer cannot exchange his produce against these articles, and, on the other hand, the industrial community has no purchasing power. It can only offer a currency which is, probably, rapidly depreciating, and which the farmer will therefore refuse. These evils are at their height in Russia. They are exerting more or less force in the rest of Central Europe. Therefore, unless we are to run the risk of having to supply these countries next year with food, we must get their industry going.

That can only be done if—

- (a) Each country has a more or less stable currency;
- (b) The transportation system is working;
- (c) A sufficiency of working capital and raw materials is at hand to commence work;
- (d) Fixed plant and machinery are restored as quickly as possible.

In other words, a comprehensive policy covering the conditions of each country is required. Since, owing to the size of the problem, outside assistance must inevitably be reduced to a minimum, it is important that the help given should go as far as possible, and that therefore all the measures required should, as far as possible, be taken simultaneously.

We may be too late, and the financial and political difficulties may be too great. But if the task is to be attempted, it should be under such conditions as to give us the best chance of success.

4. By far the greatest difficulty is the financial one. The problem is unparalleled. Europe is without working capital. Who is to provide her with it? In the first place, can it be left to private enterprise and private credit?

Every step in the direction of feeding private enterprise from restriction and control is right. So far as possible, therefore, Government borrowing *inter se*, and consequently Government control should be abandoned. To whatever extent private enterprise can meet the problem, it should be left to do so. Every measure should have as its aim the restoration as soon as possible of private enterprise. It is absolutely essential to return to the condition where the normal play of economic forces determines the conduct of the individual, where, in fact, it becomes expensive for the individual to do wrong, and profitable to do right. Where a country still has its head above water, like England, the greatest possible freedom should be allowed. Until it is clearly insufficient the same policy should be applied elsewhere.

5. Nevertheless, the problem of restoring Europe is almost certainly too great for private enterprise alone, and everybody's delay puts this solution further out of court.

There are two main obstacles:—

- (a) The risks are too great.
- (b) The amounts are too big, and the credit required too long.

The more prostrate a country is and the nearer to Bolshevism the more, presumably, it requires assistance. But the less likely is private enterprise to give it. Every day's delay makes the risks greater. To a small extent and with a great margin some trade will be done and some barter. But not enough to meet the situation.

The Government concerned might perhaps meet the question of risk by some scheme of guarantee and insurance. If only short term credit were required, the problem might then be met. But the great bulk of credit will, in my opinion, be required for at least eighteen months or two years. In other words, bankers and merchants would have to face a lock-up for that period. Since they cannot trade at all with most of Europe, except on these terms, they would do so to some extent, but their resources in long terms credit must be limited.

APRIL 5, 1919.

Appendix 52

Communication of Supreme War Council

The following decisions have been reached by the Supreme War Council on March 28th 1919.⁵

⁵ See FM-2, vol. IV. p. 522.

(a) *Raising of Blockade on German-Austria.*—(re min. 44). It was further resolved that all blockade and trade restrictions with German-Austria should be abolished and that commerce should be free with all parts thereof, as soon as the necessary machinery of control against re-exportation to Germany had been set up, with the exceptions and other provisions set out in detail in Annexure "A" (doc. 30).⁶

(The Italian representative made reservation pending settlement of certain pending matter with Yugo-slavs).

(b) *Hungary.*—In view of the present situation, the question of Hungary should be referred back to the Supreme Economic Council.

(c) *Reopening of Trade with Estonia.*—(re minute 61 (2) S. E. C.)

Reopening of Trade with Latvia and Lithuania.—With the above recommendation to extend the same principle to Latvia and Lithuania when the political and military situation became favourable, the resolution of the Supreme Economic Council regarding the resumption of trade with Estonia, as set forth in Annexure "C" (doc. 47),⁷ was adopted.

As regards Latvia and Lithuania the Supreme Economic Council should be requested to report on the advisability of the above mentioned provision after obtaining evidence of military witnesses.

(d) *Removal of Restrictions on Trade with Poland.*—Resolved that all blockade and trade restrictions with Poland shall be abolished, and all commerce shall be free with all parts thereof from April 1st, 1919, provided satisfactory machinery is set up before that date for the proper control at Dantzig.

Moreover, it was decided that the Polish National Committee should not be invited to arrange for Commissioners to proceed to Dantzig, but that the distribution of food within Poland should, as far as possible, be performed by the Poles themselves.

(e) *Reopening of Rhine Traffic.*—It was then resolved that there was no objection from a blockade point of view to the re-opening of the Rhine to traffic for the purpose of permitting the resumption of Swiss trade with Holland, Scandinavia, and the Entente countries, subject to the existing blockade agreements, and that the recommendation of the Supreme Economic Council to this end was approved, subject to their obtaining the consent of the military authorities.

⁶ Appendix 30, p. 68.

⁷ Appendix 47, p. 99.

Appendix 53

Resolution of the Blockade Section at the Special Meeting of March 29th, 1919 [Regarding] Re-establishment of Trade Relations With Latvia and Lithuania

“WHEREAS, it is desirable that reasonable quantities of commodities should be permitted to reach Latvia and Lithuania, if and when the military and naval authorities should find that the military situation would permit such action.

“RESOLVED That subject to guarantees being given that no imported commodities and no articles manufactured therefrom will be exported to Germany, Hungary, and Bolshevik Russia:

(1) Applications for permission to ship commodities to Latvia and Lithuania shall be made to, and decided by, the Allied Blockade Council in London, except in so far as such shipments are made from Norway, Sweden, Denmark and Holland.

(2) The I. A. T. C.s⁸ in Norway, Sweden, Denmark and Holland shall be authorized to endorse licences for the export of commodities from these countries respectively to Latvia or Lithuania, and shall notify the A. B. C. of the exports effected under this arrangement in order that the rations of the exporting countries may be credited to the extent of the exports made.

(3) The A. B. C. shall be requested to prepare at once an estimate of the quarterly requirements of Latvia and Lithuania in the matter of foodstuffs and most important raw materials, based in the case of foodstuffs on the instructions of the Food Section and in the case of other commodities upon the best material available. Imports shall not be authorized in excess of the estimated quarterly requirements.

(4) The I. A. T. C.s in the Northern Neutral Countries shall be requested to authorize exports to their respective countries from Latvia or Lithuania.

(5) The A. B. C. shall be empowered if they consider it necessary to set up an I. A. T. C. at Libau for both Latvia and Lithuania.

(6) The announcement of these arrangements to be made on the 7th of April, 1919.

“FURTHER RESOLVED, That the preceding resolution be submitted to the Supreme Economic Council for appropriate action.”

⁸ Inter-Allied Trade Committees.

Appendix 54

Extract From Minutes of Meeting of the Shipping Section Held on 26th March, 1919 [Regarding] Transport of Polish Troops to Dantzig

Mr. Robinson stated that the United States had no enemy ships under their control of suitable draft. He suggested that the ships which the Germans claimed as exceptions which were to be used for maintaining the German forces in the East against Bolchevism, might be available for this purpose.

It was decided that M. de Lubersac would obtain from the Supreme Economic Council a decision on the point raised by the Germans as to whether the Germans were to be allowed to retain these ships.

Appendix 55

Report From Statistical Section, Allied Maritime Transport Council

LONDON, 28 March, 1919.

Subject: Tonnage for Food Supplies.

We have examined at your request Mr. Hoover's memorandum of March 20 on Food Supplies for Europe.⁹

The tonnage figures appear to have been prepared from data not altogether of the same date. With allowance for this fact, and for differences in interpretation and methods of compilation, we are not disposed to offer any essential criticism of the figures presented, with a few exceptions which may be briefly mentioned.

(1) The cargo tonnage required for French and American food imports, in comparison with these imports, appears somewhat overestimated in view of the nearness of certain important sources of supply.

(2) Not all of the British cereal tonnage unallocated (739,000 tons) should be deducted under the method adopted, since part of it will discharge in U. K. and India. Furthermore, such part of this tonnage as will be allocated to France and Italy should go to increase the figures of total tonnage available for French and Italian uses other than food.

(3) The accepted requirements for French and Italian coal imports would involve a materially larger tonnage than the figures show.

(4) The figures for American tonnage appear to be considerably larger than the American national seagoing tonnage, but may be correct if foreign tonnage chartered to the U. S. shipping board be included.

(5) It is perhaps misleading to class Austro-Hungarian tonnage under French and Italian management as under French and Italian

⁹ Appendix 41, p. 91.

control, since this tonnage is explicitly subject to Allied control as expressed by the General Economic Council, apart from exchange arrangements.

Aside from these considerations, however, it is to be pointed out that surpluses and deficiencies calculated by the method adopted are somewhat distorted. The tonnage required for food imports has been calculated on an assumption that such tonnage is confined to this particular service. In fact, this tonnage is likely in the course of its round voyage to carry food [and] other imports for other Allied and neutral nations. This same is true of tonnage required for other imports. This position can be clearly demonstrated if the tonnage required for Allied imports is calculated separately for each group of imports; and it will appear that the total tonnage required, as ascertained by the addition of the tonnage estimates for each group of imports, will largely exceed the tonnage actually found necessary for the work.

Even if adjustments necessitated by this objection are made, it may be questioned whether the tonnage balance shown as "available for domestic use" affords any indication of the further contributions to European Relief which may reasonably be expected from the respective nations. This balance must be counted upon to provide for imports and coasting services of varying degrees of magnitude and necessity, and for bunker supplies as well, both for the home countries and for other overseas dominions, aside from the margin available for other ocean-carrying trade. Thus a large "balance" of the sort shown may not indicate greater or less ability to contribute to the general deficiency in relief tonnage. It would require a thorough and somewhat prolonged investigation to ascertain fairly the relative ability of the various nations to contribute further of their reasonable shares in whatever tonnage burden exists.

While we have been unable to make any such thorough investigation, such evidence as we have been able to consider points to the conclusion that America's considerable contributions to European Supply and Relief have not imposed as heavy a strain upon American and American controlled tonnage as the British support of France and Italy has imposed upon British tonnage. It is important to add that the question of fairness necessitates facing the fact that British tonnage is not yet in a position to regain its pre-war position, while American tonnage is necessarily seeking to establish a position.

L. A. BULLWINKLE
C. C. WARDLOW
Jos. S. DAVIS

EMPLOYMENT OF AMERICAN CHARTERED TONNAGE CHARTERED TO U. S. SHIPPING BOARD OR CITIZENS, OCT. 31, 1918, AND FEB. 28, 1919

[Figures in deadweight tons.]

Service	Oct. 31, 1918	Feb. 28, 1919
I. Unavailable for Merchant Service.		
Repairing, etc.....	93,000	59,000
In U. S. military service.....	276,000	86,500
Total.....	369,000	145,500
II. Employed for European Supply and Relief.		
Italian Service.....	61,000	11,500
French Service.....	7,000	9,000
Swiss Service.....	29,500	65,000
Belgian Relief.....	156,000	287,500
General European Relief.....		59,000
Total.....	264,000 [sic]	432,000
III. U. S. Import and Export Trades, etc.		
North American Trades.....	258,500	134,500
South American Trades.....	367,000	189,500
Trans-Pacific Trades.....	67,500	61,000
Other.....	12,000	44,500
	705,000	429,500
Grand Total.....	1,338,000	1,007,000

NOTE: Included in the above are the following vessels chartered to U. S. citizens:—

I Repairing and unassigned.....	14,000	-----
II. Belgian Relief.....	9,000	-----
U. K. Services.....	11,000	-----
III. North American Trades.....	102,000	61,000
South American Trades.....	125,000	34,000
Trans-Pacific.....	18,000	-----
Other U. S. Import and Export Trades.....	9,000	-----
Total.....	288,000	95,000
Total chartered to U. S. S. B.....	1,050,000	912,000
Grand Total.....	1,338,000	1,007,000

NOTE.—Data for February probably incomplete with respect to tonnage chartered to American Citizens.

COMPARATIVE SUMMARY OF EMPLOYMENT OF BRITISH AND AMERICAN TONNAGE, OCT. 31, 1918, AND FEB. 28TH, 1919

Seagoing Merchant Steamers (Exclusive of Tankers) 500 Gross Tons and Over

[In thousands of tons.]

	British (D. W.)		American (D.W.)		Percentage Feb. 28	
	Oct. 31	Feb. 28	Oct. 31	Feb. 28	British	American
Total tonnage.....	19,159	19,679	5,993	6,846	100%	100%
I. Unavailable for Merchant Service.						
Repairing, etc.....	1,385	2,278	536	871	11.6%	12.7%
In Military Service.....	2,347	1,741	2,641	2,085	8.0%	30.4%
“ Naval “.....	1,985	1,595	200	361	8.1%	5.3%
“ Military or Naval Service of Allies.....	884	265	24	-----	1.3%	-----
“ Non-Merchant Service.....	22	26	-----	12	.1%	.2%
Total.....	6,623	5,905	3,401	3,320	30.0%	48.6%

Seagoing Merchant Steamers (Exclusive of Tankers) 500 Gross Tons and Over—Continued

	British (D. W.)		American (D. W.)		Percentage Feb. 28	
	Oct. 31	Feb. 28	Oct. 31	Feb. 28	British	American
II. Employed for National Commercial Requirements.						
Importing-----	6,762	7,600*	782	608	38.6%	8.9%
Coasting-----	238	310	896	803	1.6%	11.8%
Colonial Importing or Coasting-----	1,610	2,012*	83	133	10.3%	1.9%
[Total]-----	8,610	9,922	1,761	1,544	50.5%	22.6%
III. Employed for European Allies and Relief, etc.						
Italy-----	1,556	1,302*	128	162	6.6%	2.4%
France-----	1,546	1,216*	124	179	6.2%	2.6%
Greece-----	57	21	-----	7	.1%	.8%
Switzerland-----	-----	-----	60	39	-----	.8%
General European relief-----	-----	43*	-----	544	.2%	7.9%
Total-----	3,159	2,582	312	931	13.1%	13.6%
IV. Employed in other Merchant Service.						
	767	1,270	519	1,042	6.4%	15.2%

*Including approximate allocation of tonnage unallocated on February 28.

Appendix 56¹⁰*Analysis of Report Regarding Tonnage for European Food Requirements by United States Shipping Board Statistical Section*

Comparison of figures in statement presented by Mr. Hoover¹¹ setting forth the employment of the Shipping of the United States, Great Britain, France, and Italy, with figures in a statement circulated to the Members of the Supreme Economic Council, signed by certain clerks in the Statistical Section of the Allied Maritime Transport Council.¹² The comparison is limited to the tonnage of the United States and Great Britain, because the second statement only treats of those figures.

[All figures are in deadweight tons]

			Mr. Hoover's Figures.	Clerks' Figures.
1. BRITISH TONNAGE				
Total merchant tonnage-----	(1,600 Tons and over.)	(500 Tons and over.)		
Repairs-----	18,531,523	19,697,000*		
	2,147,812	2,278,000†		
Total workable tonnage-----	16,383,711	17,401,000		
Non-merchant tonnage-----				
Military and naval-----	3,090,130	3,336,000		
Other-----	281,918	291,000		
Total-----	3,372,048	3,627,000	3,372,048	3,627,000
Net available merchant tonnage-----	13,011,663	13,774,000		

* Includes 1,147,130 deadweight tons, vessels 500 to 1,599.

† Includes repairs 130,393 deadweight tons, vessels 500 to 1,599.

¹⁰ Appendix 56 is filed separately under Paris Peace Conf. 180.0501/34.

¹¹ See appendix 41. [Footnote in the original.]

¹² See appendix 55. [Footnote in the original.]

		Mr. Hoover's Figures.	Clerks' Figures.
1. BRITISH TONNAGE—Con.		(1,600 Tons and over.)	(500 Tons and over.)
In European service—			
Italy	932, 059	1, 302, 000‡	
France	904, 570	1, 216, 000‡	
Other (including cereal import service)	823, 360	64, 000‡	
Total	2, 659, 989	2, 582, 000	
Remaining British merchant ton- nage—			
Net British merchant tonnage	13, 011, 663	13, 774, 000	
Less tonnage in supply and re- lief	2, 659, 989	2, 582, 000	
Total	10, 351, 674	11, 192, 000§	
2. UNITED STATES TONNAGE			
Total merchant tonnage	7, 631, 856	7, 853, 000	
Repairs	503, 115	930, 000	
Total	7, 128, 741	6, 923, 000	
Non-merchant tonnage—			
Military and naval	2, 744, 413	2, 532, 500	
Other	103, 645	12, 000	
Total	2, 847, 858	2, 544, 500	
Net available merchant tonnage	4, 280, 883	4, 378, 500	
In European service—			
Italy	182, 407	173, 500	
France	176, 136	188, 000	
Other (including food adminis- tration)	870, 344	1, 001, 500	
Total	1, 228, 887	1, 363, 000	
Remaining United States merchant tonnage	3, 061, 996	3, 015, 500	
Percentage of net available tonnage in European supply and relief—		Percent	Percent
British		20. 4	18. 7
United States		28. 7	31. 1

† Contains allocation since 28th February.

§ Contains 456,822 deadweight tons, vessels 500 to 1,500.

APRIL 3, 1919.

Appendix 57

[Resolution of the Blockade Section Regarding] Administration of
Resolutions on German Coastal and Fishing Trades (Minute 56)

In connection with the Resolution of the Supreme Economic Council (contained in Minute No. 56 of the Tenth Meeting held March 24th),

to the effect that there is no objection to German exempted vessels engaging in coastal traffic and traffic to the Northern Neutrals, the following Resolution was passed:

"RESOLVED, that cargoes carried in German vessels from Northern Neutrals to Germany should be limited for the present to:

(a) Foodstuffs,

(b) Articles whose export to Germany is permitted by agreement with the Northern Neutrals within the limits of such agreements, and that this arrangement can be altered when a decision is come to as to what raw materials or other goods Germany is to be allowed to import, and that any regulations for the time being in force as to I. A. T. C. licenses must be observed; and

"FURTHER RESOLVED, that this resolution be communicated to the A. B. C., London, for their information and necessary action."

Appendix 58¹¹

Communication of the Allied Maritime Transport Council [Regarding] Black List on Neutral Ships

At a meeting of the Allied Maritime Transport Council, held Wednesday morning the 26th March, 1919, it was determined to recommend to the Supreme Economic Council the suspension of the black list on neutral ships on the following grounds:—

1. The black list was part of the blockade measures, and is therefore no longer necessary.
2. While it has forced tonnage into Allied service, an examination discloses the fact that only a small amount of this tonnage now in Allied service will be released in the next few months.
3. The balance under the black list is quite small.

It is thought best merely to suspend, because there is a possibility that it might be necessary at some later date to employ this method in the assistance of blockade; but no present reason exists for maintaining the black list.

Appendix 59

[Memorandum From the Shipping Section Regarding] Yugo-Slav Ships in the Adriatic

Paragraph 5 of the Naval Clauses of the Armistice with Austria Hungary provided that Austro-Hungarian ships found at sea should be made subject to capture unless exceptions are made by a Commission

¹¹ Appendix 58 is filed separately under Paris Peace Conf. 180.0501/34.

to be appointed by the Allies and the U. S. A. It appears that this qualification was intended to apply specially to ships owned by Yugo-Slavs and that such ships, nominated by the Commission, would be released from the provisions of the Armistice applying to enemy ships.

An appeal has been received from the Serbian representative in Paris¹² pointing out that no action has been taken by the Commission of the four Admirals in the Adriatic to except any Yugo-Slav ships, and requesting that a Commission should be appointed to act in the spirit of Clause 5 of the Armistice conditions.

26 MARCH, 1919.

Appendix 60¹³

DELEGATION OF THE KINGDOM
OF THE SERBS, CROATES AND SLOVENES
TO THE PEACE CONFERENCE,

PARIS, March 25, 1919.

To the Inter-Allied Supreme Economic Council,
Ministry of Commerce, Paris.

Our Naval Section, under date of the 8th March, addressed a memorandum to Mr. Henry Robinson, delegate of the United States of America, to the Inter-Allied Supreme Economic Council, calling his attention to the fact that paragraph 5 of the naval clauses of the Armistice with Austria-Hungary had not yet been put into execution. That is to say, the Special Commission, whose duty it is to lift the blockade from the coast and vessels of the Yugo-Slavs, had not begun these operations. On the contrary, a Commission of Four Admirals authorised Italy to requisition all the fleet formerly belonging to the merchant service of Austria-Hungary, and the blockade is still rigorously enforced, causing great losses to the Yugo-Slovakian countries, including Serbia. The latter, in fact, since the destruction of the Salonika line, can only communicate with the world by the port of Fiume and the Dalmatian ports.

In this memorandum, our Naval Section called Mr. Robinson's attention to the fact that Italy, profiting by the peculiar situation that has been created by the occupation of Trieste and other Yugo-Slovakian ports, brought pressure to bear on the owners of the former Austria-Hungary merchant service to make them sell their boats to their Italian interests.

¹² Appendix 60, *infra*.

¹³ Appendix 60 is filed separately under Paris Peace Conf. 180.0501/34.

Our Naval Section, under date of the 14th March, communicated to M. Clémentel, Minister of French Commerce, the contents of a telegram from Trieste, appearing in the *Times* of the 13th March, 1919, according to which the "Lloyd Autrichien" would be transformed into a new company called "Lloyd Triestino."

Still graver news, confirmed elsewhere by the *Neue Freie Presse* of Vienna of the 22nd February, 1919, reached us from a reliable source. According to this information, a syndicate of owners from Trieste and Venice, under the auspices of the Commercial Bank of Milan, would have bought, at 1,000 lire each, 37,000 shares of the 72,000 which compose the capital of the "Lloyd Autrichien." Besides that, towards the end of the said month, it would have bought the greater part of the shares of the Austrian-American and of the "Navigazione Libera Triestina." In this manner, 111 ships, for the most part ocean going, and the rest cargo vessels representing approximately a total of 465,000 tons, as well as the twelve large cargo vessels of the "Navigazione Libera Triestina," which were under construction, and which form together more than six-tenths of the merchant service of Austria-Hungary, have become the property of the Italians, although in the above-mentioned societies (especially in that of Austria-America and the "Navigazione Libera Triestina") there was a great minority of Yugo-Slovakian shareholders.

These transfers of property took place under the auspices of the Union Bank of Vienna and the Austrian-German Government.

In fact, the article in the *Neue Freie Presse*, before mentioned, expressly states that the said Government has received formal guarantees on the subject of the safeguarding of the Austrian-German interests on the part of the new society "Lloyd Triestino."

We beg to draw your attention to these circumstances which affect adversely our rights and our interests, and constitute besides an obvious violation of the clauses established by the Armistice and the Naval Inter-Allied Conference held at Paris on the 21st December, 1919, in which it was decided not to admit, during the duration of the Inter-Allied control, any change of ownership of the old Austrian-Hungary tonnage.

N. P. PACHTCH
Chief Delegate

Appendix 61

Report of Committee on Organisation

26TH MARCH, 1919.

The Committee appointed by the Council, March 21st, desire to call the attention of the Council to certain intrinsic difficulties which

it is necessary to overcome in order to produce a satisfactory and efficient Secretariat.

The Council meets at least once, often thrice, a week, and it is composed of seven Allied sections, as follows:

- (a) Food
- (b) Shipping
- (c) Finance
- (d) Blockade
- (e) Raw materials
- (f) Communications
- (g) Press

These sections meet once, often twice a week, and develop questions requiring a circulation [of] papers to, and decisions by the Council.

The personnels of the sections are large and often overlapping.

The Minutes of both the Council and the Sections have to be agreed to by four countries, and the character of the discussions—particularly at the Council, is often such as to render difficult an indisputable record.

The Committee regard the following arrangement as essential in order to secure a full and prompt circulation of papers.

(1) *A fixed time-table*: not to be varied except in real emergency. This Time Table approved in principle, is:

Monday, 10 A.M. Council notes [*meets?*]: later minutes written, agreed, and circulated.

Tuesday, Wednesday, Thursday (and in case of necessity *Friday morning*). Sections meet.

Friday. All papers for next Council meeting to be sent to Agenda Officer.

Saturday. Preparations and agreement of Agenda and circulation of all papers for Monday's meeting.

Council Meeting. It is of great importance that the Council should meet, except in real emergencies on Monday mornings only; that wherever possible all business on the Agenda should be concluded at that meeting; that if adjournment is inevitable it should be to the earliest possible hour (preferably the same day), no new business being admitted.

(2) *Resolutions at Council*. It would be of very great assistance if the Chairman at the Council would conclude the discussion on each subject by summarizing the result by a brief statement as to the exact stage the discussion has reached.

If there is real identity of view as to the position reached this will only take a moment; if not, the absence of such an agreed resolution or statement leaves the officers responsible for drafting the minutes with an impossible task.

(3) *Council Officers: and Organisation*. Council officers should be appointed by the four countries for the duties of

(a) Preparing and agreeing the Minutes and issuing the consequent notices.

(b) Preparing the Agenda and circulating the relevant documents.

Of these Officers one should be made responsible for drafting the minutes.

The Minutes when drafted should be agreed with the other Council officers, and when agreed circulated to the Sections (or extracts, with notices as the case may be) and to other persons requiring them.

In case of final inability to agree the drafting officer must be empowered to circulate with a note against the disputed passage that it is not agreed.

Similarly, another of the Council officers should have a similar primary responsibility for preparing the Agenda and collecting and circulating the relevant papers, subject to the same duty of agreeing with the other Council officers.

It is important that the four countries should give their officers authority to agree on Minutes and Agenda for circulation without prior reference to members of the Council (which should only be necessary in very rare and exceptional cases) before circulation. It will be remembered that the minutes are circulated as draft minutes. They can in case of necessity be corrected at the next meeting of the Council for permanent record.

Any question on which a Section requires decision by the Council must be sent by the Section Secretary to the Council Agenda Officer not later than Friday evening.

Items for Agenda not received by 10 a. m. on Saturday morning will be omitted from the Agenda, and can only then be raised as a matter of special urgency by arrangement with the Chairman and by consent.

References of the Council to the Supreme War Council or to Sections shall be remitted by Minute Council officer to the Supreme War Council or to Allied Section Secretary for the body concerned not later than Tuesday morning.

(4) *Sections, Chairman and Secretary and Organisation.* Each Section should have a permanent Chairman and a permanent Allied Secretary responsible for both Minutes and Agenda. The Secretary would be responsible for calling the attention of the Section to all decisions of the Council requiring action by the Section.

Each country might appoint its own Section officer if it is desired to agree Section Minutes with the Allied Secretary, doubtless this will not be considered necessary in all cases, but it is important; where the Secretary is English speaking there should also be a French officer and where he is French speaking there should also be an American or an English officer in addition.

The officers would be responsible for translating documents so that they are available (and sent to the Agenda officer of the Council) in both French and English.

(5) *Miscellaneous recommendations.* (a) Each country should appoint one officer in its own organisation who will be responsible for informing the Secretaries and Council officers of all the persons in his country's organisation (whether members or officials) who require papers, and which papers, and of their addresses. This officer would be responsible to his own people for seeing that they did in fact get their papers and all complaints would be made to him.

(b) It should be an absolute rule that all minutes shall be prepared copies and circulated as draft minutes (with extract and explanatory notes where necessary) within 24 hours of the conclusion of the meeting; and that wherever possible they should go out the same day.

The Sections which have not yet appointed Chairman and Secretaries should at once do so.

Appendix 62

Memorandum as to Conference on March 24th on Organisation of Allied Shipping Work Under the Supreme Economic Council

The Supreme Economic Council had under consideration at its meeting on March 24th the question of the Allied organisation for dealing with the shipping problems with which the Council is concerned. They referred the question to a special conference to be convened by Lord Robert Cecil. This conference took place on the afternoon of the same day.

2. There were present:

Lord Robert Cecil.	Chair[man].
Mr. H. M. Robinson.	America.
Mr. E. E. Palen.	
M. Monnet.	France.
M. de Lubersac.	
Professor Attolico.	Italy.
Mr. T. Lodge.	
Mr. J. A. Salter.	Great Britain.

3. The following scheme of organization was after discussion agreed by the Conference.

(a) The Allied Maritime Transport Council, i. e. the actual Council of Ministers should terminate its existence, the Supreme Economic Council itself assuming the responsibility for such decisions of major policy on shipping matters as were formerly given by the Allied Maritime Transport Council.

(b) The Allied Maritime Transport Executive to be reconstituted and to sit in London.

(c) An Allied Shipping Committee to be formed and to sit in Paris to advise the Supreme Economic Council on matters of general policy requiring decision by that Council. This Committee to have a permanent Chairman and Secretary and to be the medium of communication for all shipping questions to the Council. This Committee would not give directions under its own authority to the Transport Executive in London, such directions coming only from and with the authority of the Supreme Economic Council.

(d) The Transport Executive in London would thus be responsible to the Supreme Economic Council, communications being made through some person appointed by that Executive.

4. It was recognised that the duties falling upon the Transport Executive in London and upon the Allied Shipping Committee in Paris would be primarily and mainly those of dealing with the administration of enemy tonnage on the one hand and provision of tonnage for the relief of liberated countries and the supply of enemy countries on the other and that the provision of tonnage to supplement the national tonnage of France and Italy for the requirements of those countries would become (in view of the two tonnage agreements concluded between Great Britain and (a) France and (b) Italy) more and more a matter of direct dealing between the Governments of the above countries and less a matter for an Allied organisation. It was recognised however, that particularly during the next few months occasions would arise on which either France or Italy might legitimately raise questions of policy with regard to the tonnage required by them at the Supreme Economic Council.

5. M. Monnet expressed the view that it would be a better arrangement for the Ministry of Shipping to be asked by the Supreme Economic Council to undertake the administrative responsibilities of dealing with enemy tonnage with the assistance of an Allied Committee working under a superior body, the Allied Maritime Transport Executive, sitting in Paris, and responsible to the Supreme Economic Council. He deferred, however, to the general preference of the representatives and the other members of the Conference the scheme described above.

6. It was decided to submit the above scheme for approval to the Supreme Economic Council at its next meeting, subject to prior communications to the members of the Allied Maritime Transport Council.

Appendix 63

Note on Allied Press Arrangements

The following recommendations are submitted for the formation and functions of a Press Committee.

1. It is desirable that the Press Committee already decided upon in principle by the Council should now be at once appointed, and that it should consist of one representative of each of the four countries.

2. This Committee should meet on Monday after the Meeting of the Supreme Economic Council and should discuss mainly what part of the Council's Work or what facts affecting the Council's work it should be desirable to give special prominence to in the ensuing week. This would be the main work of the Committee. Any matter for which secrecy was desirable would also be discussed and each of the representatives would do his best to secure that secrecy is observed. It is recognized, however, that it will probably not be practicable to make the members of the Press Committee the only medium of communication, and secrecy could not be ensured by this method.

3. Within any general understanding arrived at by the above meeting, each representative would at his own discretion and on his own responsibility provide to the Press of his own country.

4. It is desirable that an official communique in the name of the Supreme Economic Council should be issued after each meeting of the Council. For this purpose the Council officer responsible for drafting the minutes should first draft a short official communique and agree it with the other Council Officers before proceeding to the drafting of the minutes. This communique would at once be given to the meeting of the Press Committee and subject to their concurrence would be given to the Press the same evening.

Appendix 64¹⁴*Resolutions From the Finance Section [Regarding] Nitrates for Countries Contiguous to Germany*

It was agreed that there is no objection to the proposals of the Superior Blockade Council:

RESOLVED—

“That there is no objection from a blockade point of view to the rations of the countries contiguous to Germany being raised to at least 200,000 tons of nitrate, and to authorising the Nitrate Executive to state that the Associated Governments will place no difficulties

¹⁴ Appendixes 64 to 68 are filed separately under Paris Peace Conf. 180.0501/34.

in the way of nitrate purchased for immediate delivery being re-exported to Germany:

PROVIDED—

“(a) the use of the nitrate in Germany is properly safeguarded and supervised; and

“(b) there is no objection from the Financial or Shipping Sections of the Supreme Economic Council,”

seeing that any nitrates re-exported from contiguous neutrals to Germany, though financed out of sums which might have been made available for the payment of food, would in the long run tend to an economy by reducing the necessity for food imports into Germany.

The Italian Representative doubted whether the Germans would in fact be able to raise the necessary credits for the importation of nitrates from neutrals.

Appendix 65

Note From the Finance Section Respecting the Collection of Private Remittances to Germany

Mr. Norman Davis said that if the Supreme Economic Council would suggest to the American Relief Association that they solicit remittances in the United States, Great Britain, France and Italy to parties in Germany, it was believed that a large sum of money could in this way be accumulated in the currencies of the respective countries and made available for the purchase of food in these countries.

It would be necessary to secure in each country an enemy trade licence in order [for?] such remittances to be made, and in advertising that such remittances may be made, the American Relief Administration would have to make it perfectly clear that the step is taken at the request of the Supreme Economic Council.

It was agreed that the Supreme Economic Council should be asked to approve the suggestion made by Mr. Davis, on the understanding that it would be referred to each individual Government for consideration.

Appendix 66

Report on the Work of the Communications Section of the Supreme Economic Council

Object.

The work of the Communications Section consists in—

(a) The organisation and co-ordination of the necessary urgent assistance for the maintenance and improvement of the existing port, railway, inland waterway and telegraphic facilities in Eastern Europe, with a view to the earliest possible return to normal conditions.

- (b) The apportioning of the necessary action between the Allies, with a view to the most effective solution of the above problem.
- (c) The organisation of the immediate despatch of the necessary technical missions.
- (d) The expediting of supply of essential materials.
- (e) Arranging through the naval and military authorities for the organisation of additional lines of communication required for economic purposes.
- (f) Reporting on any technical communications question referred to the Communications Section by the Supreme Economic Council.

Note.—The Communications Section is not responsible for the forwarding, custody or handling of any consignments.

The Communications Section was formed as a result of the report, dated the 22nd February, 1919, of a special Sub-Committee appointed by the Supreme Economic Council,¹⁵ and which met on the 20th and 22nd February.

In this report, which outlines the proposed functions of the Communications Section, a credit of 20,000,000L was recommended to enable the minimum assistance necessary to be rendered until essential requirements could be met through the ordinary trade channels, which it would be the object of the Communications Section to encourage.

Although the functions of the Communications Section are economic rather than military, it was agreed that the existing military organisation alone possess the facilities for prompt and effective action.

The Communications Section has since held ten meetings, making twelve in all.

The Supreme Economic Council adopted the report of the Special Sub-Committee on the 25th February, 1919, and authorised the Communications Section to proceed as far as possible prior to the allotment of funds. In this connection the British Treasury representatives on the Supreme Economic Council arranged that the Treasury should favourably consider proposals for British missions submitted by the War Office.

The relations between any separate mission sent out by the Supreme Economic Council and an existing Military Mission under the High Command have been defined as follows:—

“When a Military Mission exists under the High Command its relations with the Technical Mission of the Supreme Economic Council will be the same as its relations with the civil organisation concerned, to assist, which is the duty of the proposed Mission.”

The Technical Mission will report to and receive instructions from the Communications Section of the Supreme Economic Council through the channel laid down by the Power responsible for executive action.

¹⁵ Appendix 11, p. 28.

The Communications Section propose that Allied Missions should be sent to every country assisted, but that in each case one Ally should be charged with the necessary local action. The only Inter-Allied Mission hitherto authorised is a Mission to control the through railway service from the South for the relief of the States of the old Austro-Hungarian Empire. The responsibility for executive action on this question has been allotted to the Americans, and the head of the Mission is Colonel Causey, United States of America, the instructions to whom were adopted on the 11th March. The powers of the Mission were defined by a special decision of the Supreme War Council.

Between the 7th and 20th March inclusive, 9,848 tons, or an average of 703 tons per day, were evacuated from Trieste.

From the 21st to the 31st inclusive, there were evacuated 16,745 tons, or an average of 1,522 tons per day. During this latter period occurred the strike of railroad operatives in Austria, which very materially reduced the output for two days. The rate of evacuation has practically doubled in the last ten days over that of the two weeks preceding.

It will be noticed that the improvement in the situation, which began before the arrival of the above Mission, is marked and continuous.

Besides the Mission working with the Relief Mission at Trieste, there are also:—

1. An Italian Railway Commission at Vienna, which forms part of the Italian Armistice Mission situated in the same place.
2. An Italian Directorate of Railway Movements at Trieste, and one at Vienna for operating the lines in the new territories included within the Armistice line.
3. A Technical Mission (now being formed) for Studies and Works on the Reconstruction of Railways in Austria-Hungary.

Pending decision as to the allocation of executive local action between the Powers represented on the Supreme Economic Council, the Council on the 17th March, 1919, authorised Technical Missions to be sent by the following Powers to investigate and report on immediate requirements:—

United States	Tchecho-Slovakia, Jugo-Slavia,
Great Britain	Poland, Don and Caucasus, Baltic Provinces.
France	Greece, Turkey in Europe, Ukraine and Donetz.
Italy	Austria, Hungary.

The present situation is as follows:—

Roumania.

The British Railway Mission under Lieut.-Colonel Billinton left England on the 26th November, 1918. On the 22nd March, 1919, Treasury sanction was obtained for the allocation of 500,000*l.* for the purchase of urgent railway material for Roumania, and a Roumanian representative was at once sent to London with authority to submit indents on behalf of his Government, and the first consignments should leave very shortly. Owing to delay in sanctioning the necessary credits the railway situation has now gone from bad to worse, and it has now become necessary to dispatch at least 100 locomotives and 1,000 waggons in good running order to tide over the time till materials for repairing existing stock become available. The French Government are sending 35 "Armistice" locomotives to meet the military requirements of the High Command, and 15 American locomotives towards reconstruction.

It is recommended that the special sanction of the Supreme War Council should be obtained for the despatch of 50 additional locomotives and 1,000 waggons to meet the above immediate economic needs of Roumania out of the 5,000 locomotives and 150,000 waggons surrendered under the conditions of the Armistice. It is submitted that this demand is a legitimate one, as the likelihood of military operations having to be undertaken to restore order will be reduced by this supply to Roumania.

Poland.

Colonel Hammond, British Expert Adviser to the Peace Conference Polish Mission, was instructed to report on the Polish situation with the assistance of a Railway Officer attached to a temporary British Economic Mission. A full report has been received with lists of material of primary urgency, consisting chiefly of material and tools for repairs to locomotives, of which about 50 per cent. are under or awaiting repair. In spite of great difficulties the Poles are showing a disposition to organise their railways, and Colonel Hammond is of opinion that timely assistance in material would lead to a substantial improvement in the situation. The list is now being valued, but there is no doubt that it is very moderate and will have to be supplemented later. This material should be despatched at once. A British allotment of 500,000*l.* out of the funds available for relief has been asked for. Arrangements are being made to send out a Technical Mission as soon as the above funds have been made available, to ensure the effective utilisation of our assistance and to act as advisers as far as necessary to the Polish and Baltic Provinces railways while encouraging them to stand on their own legs. Meanwhile the despatch of 250 locomotives and 3,000 waggons is reported to be an urgent necessity, of which 100 loco-

motives and 2,000 waggons should be sent at once. These locomotives and waggons should preferably be of German types as handed over at the Armistice, to facilitate upkeep, as a first measure. Marshal Foch has been asked to despatch sufficient locomotives and waggons to provide for prospective military requirements and to prevent any further drain on the existing civil resources, and a reply is awaited as to the numbers he is willing to send. The arrangements for the despatch of these locomotives and waggons will require carefully working out.

Don and Caucasus.

A British Railway Expert has for some weeks been attached to the British Military Mission with General Denikin and has telegraphed recommendations with reference to a detailed list in the possession of General Durnovo, who is now in London drawing up a revised list of requirements based on the British report. The situation in the Don and Caucasus needs immediate action. The railways have only 20 per cent. of their pre-war capacity; they have only stores for another four months. The lines now under General Denikin's control serve areas which are rich in products. In addition to materials and tools for locomotive repair, there are certain more general requirements including clothing and boots for railway employees. Enquiries are being made as to whether these latter requirements can be met by an issue of part-worn uniforms from British military stocks. The cost of the railway materials of immediate urgency is roughly estimated at 500,000*l.*, and the equipment, clothing and medical stores for the railway staff, and certain mechanical transport for railway deliveries are estimated to cost a further 800,000*l.*, the bulk of which is for boots, clothing, &c. No further action can be taken without credits, and an immediate grant of 1,000,000*l.* from British relief funds has been asked for.

Major-General Cowie, Railway Adviser to the British Commander in-chief at Constantinople, has been ordered to proceed to the Don area to make a personal report on the situation.

Trans-Caucasus.

Railways are being controlled by a British Technical Mission under General Brough. He is endeavouring to organise an efficient service between the Black Sea and the Caspian Sea, in spite of the difference between the various local Governments concerned, and the corruption and inefficiency of the local managements. No specific demand for stores has yet been received.

Tchecho-Slovakia and Serbia.

Certain reports have been received from previous American Missions. These are being examined, and the necessary American personnel for

special railway missions is being collected. A British railway officer now attached to an Economic Mission in Serbia will ultimately be attached to the American Mission.

There is at present a special French Mission at Semlin under Lieut.-Colonel Gérard.

The Mission have arranged for the utilisation of the Elbe as a means of communication for the supply of relief to Tchecho-Slovakia. It is hoped that the service will commence in the course of a few days, and that it will be developed to a considerable capacity.

The possibility of utilising a line of communication via the Rhine to Mannheim and thence by rail to Prague is also under consideration, both from the point of view of a postal service and for the running of relief trains. The principal difficulty is the provision of the necessary locomotives and rolling stock and the reported difficulty of securing an unimpeded passage of supplies.

Arrangements are in hand for the re-establishment of postal communication with Tchecho-Slovakia and Poland by the existing train services through Switzerland.

Special Clause.

The Communications Section has further arranged for the insertion in the Railways and Waterways Clauses of the Preliminary Peace Terms of an article securing the powers requisite for the functions of the Supreme Economic Council after the signature of peace:—

“The enemy States will carry out the instructions which may be given them as regards transportation by an authority designated by the Allied and Associated Powers.

“1. . . . (concerns military movements.)

“2. As a transitory measure for the transport of the relief traffic to various localities, and as regards the re-establishment as quickly as possible of the normal conditions of traffic and the organisation of the postal and telegraphic services.”

APRIL 5, 1919.

Appendix 67

Draft Reply to German Note of April 2, With Reference to the Prohibited List of Exports

1. The Allied and Associated Governments have noted the note presented by the members of the German Financial Delegation at the Château de la Villette, on 2nd April, 1919.

2. They point out that the arguments set forth therein may have reference to peace conditions, but not to the execution of the stipulations of the Armistice.

3. The conditions which were set out in the Agreement of Brussels, and which were notified to the German Government in supplementary notes, have for their aim the revictualling of Germany with foodstuffs. The Allied and Associated Governments give the following answer to the verbal questions put by Dr. Melchior on the 2nd April:—

(a) As regards the permission given to Germany "to export to neutrals without restriction a third of her available exportable surplus" (telegram of the 24th March, Clause 4 (c)), the word "exportable" should be understood to refer to total German export, that is to say, the export of Germany by land frontiers as well as export by sea.

(b) Clause 4 (a) of the telegram of the 24th March, according to which "each of the Allied and Associated Governments will have the right during the Armistice to buy at fair and equitable prices quantities of all the articles on the prohibited list which Germany may have available for export," should be understood as follows: "Fair and equitable prices will be fixed by the Allies 'unilaterally,' and not 'established by a mutual agreement' as the note of the delegates demands."

APRIL 10, 1919.

Appendix 68

Negotiations Between Inter-Allied and German Delegates at Cologne With Regard to the Export of Coal From Germany in Payment for Food

SUMMARY OF PROCEEDINGS

1. The German Delegates announced at the outset that the German Government reserved its agreement with the principles laid down in the telegram drawn up by the Sub-Committee of the Raw Materials Committee on the 23rd March with regard to the prohibited list.¹⁶

2. They next referred to the note from the German Government dated the 24th March, in which are set out certain requirements in the way of supply of raw materials and the granting of transport facilities necessary for the purpose of increasing German coal output and exportable surplus. The full list of materials required for the next two months is:—

- 1,500 tons cylinder oil.
- 2,000 tons tin.
- 30,000 tons petroleum.
- 500 tons cotton.
- 250 tons wool.
- 2 tons fish glue.
- 2 tons gelatine for industrial purposes.

¹⁶ Appendix 37, p. 89.

The cotton, wool, and fish glue are for the purpose of making belting, and the German Delegates desire the materials rather than the supply of manufactured belting, but there seems no reason why, if her requirement is to be satisfied, the manufactured article rather than the materials should not be furnished.

It will be seen below that Germany has been unable to offer any additional coal for export, but the British Delegates desire to recommend for the consideration of the Supreme Economic Council that the materials should be furnished with a view to increasing German output so that a substantial quantity of coal may be available for export in the near future. The Germans stated that these quantities would only suffice for two months' consumption. It is difficult to check this, but it is suggested that the Germans might be warned that no undertaking can be given to renew the supplies at the end of two months.

The facilities for which the German Delegates asked in the note of the 24th March with regard to freedom of transport across the Rhine, and transport by sea from North Sea harbours to German harbours in the Baltic for consumption in Germany, might also be granted so far as possible.

As Germany is unable to provide additional coal for export the question of permission for export by sea to Sweden, Norway, and Denmark does not arise.

3. The German Delegates stated explicitly that if they were required to carry out in full the obligations imposed on them in the matter of the supply of coal and coke to France under the Luxemburg Protocol of the 25th December,^{16a} it would be impossible for them to provide further coal for export from the right bank of the Rhine.

4. The German Delegates handed in a note on the Luxemburg Protocol, in which complaint is made—

(a) That their economic position is being seriously prejudiced by the fact that France is demanding the full quantities of coal and coke specified in the agreement, although she is not carrying out a promise alleged to have been made by her in an annex to the Protocol that she would do her best in the way of supplying certain coal from the left to the right bank of the Rhine, and also of supplying minette (iron ore) against the coke which the Germans undertook to forward from the Ruhr to Lorraine.

It is understood that the Germans have been forwarding about 7,000 tons of coke daily (against the quantity of 13,700 tons daily mentioned in the Protocol), whereas the French have not sent a ton of minette. It may be added that their failure to supply minette is causing a serious danger of unemployment at certain steelworks in British occupied

^{16a} For texts of protocol and notes exchanged December 24 and 25, 1918, see *Der Waffenstillstand 1918-1919*, band 2, pp. 239-260.

territory, which are dependent on their supplies of raw steel from works in unoccupied territory.

It should be added that there is a difference of opinion between the French and Germans as to the precise nature of the promise made by the French in consideration of the signature of the Protocol by the Germans.

(b) That the French are bound by provisions affecting the prohibited list in the matter of payment for supplies under the Luxembourg Protocol.

5. The German Delegates made a general claim that all exports of coal from Germany included within the 1914 frontier should be paid for in a form which would enable them to procure food. They made strong complaint to the effect that coal was being exported by the French from mines in the Saar valley to France, Italy, and Switzerland, and that the French had fixed a price of 40 M. per ton for payment to the mines, but were receiving a price as high as 120 fr. a ton from the Swiss and, taking into account the exchange of the mark, were thus making a profit of 100 fr. per ton. In the case of exports to France the sale price was stated to be 60 fr. per ton. It was added that no payment had actually been made to the Saar mines, and that the French Government at present owed them 36 million M.

Appendix 69

[*Report of the Blockade Section Regarding] Application for Authorization To Convey Coals Over the Sea Route From the Ruhr to Eastern Prussia*

The Blockade Section considered a letter from Marshal Foch (annexure A) and the following resolution was carried:

RESOLVED. That there is no objection, from the blockade point of view to the free navigation, from Leer on the Ems to Elbing and Dantzig, of the colliers *Elbing II* and *Elbing III*, now loaded with coal for the firm of Schichau, provided these vessels come within the category of "exempted vessels" mentioned in Minute No. 56 of the Tenth Meeting of the Supreme Economic Council, held March 24th and

FURTHER RESOLVED, That it is the opinion of this Council that this question had been covered by the resolution contained in Minute No. 56 of the Tenth Meeting of the Supreme Economic Council held March 24th, respecting German coastal trade on German coasts, and

FURTHER RESOLVED, That the Supreme Economic Council be notified of this Resolution.

[Annexure A]

Marshal Foch, Commander-in-Chief of the Allied Armies (D. G. C. R. A.), to Minister of Commerce, Supreme Economic Council

G. Q. G. A., MARCH 18, 1919.

I beg to enclose herewith copy of correspondence relative to the request made by the German Commission for coal repartition in view of authorizing the transport by colliers of coal necessary for Eastern Prussia, and coming from the Ruhr Mines.

This request raises two questions:

The first, concerning maintaining at the disposal of German authorities of certain colliers. This question seems to be one of those taken under consideration at the Brussels Conference of March 14th, and does not seem to raise any particular difficulties.

The second necessitates certain relaxations to the blockade policy as concern the coast navigation of the colliers.

I am of the opinion that, owing to the reasons stated by the General Controller Gaillard, Allied Commissioner at Berlin, and particularly in the interest of good and quick delivery of coal necessary for the Left Bank of the Rhine, the above mentioned request of the German Commission shall be taken in due consideration and I beg you to submit it with favorable mention of [to?] the Supreme Economic Council (Blockade Section).

P. O. Major-General
Illegible

[Enclosure to Annexure A]

Army Controller Gaillard, Allied Commissioner at Berlin, to Marshal Foch, Commander-in-Chief of the Allied Armies, Economic Section, Luxembourg

MARCH 2, 1919.

I have the honor to send you herewith translation of a letter of February 13th, and a note of February 15th, which have been handed to me by the German National Commissioner of Coal.

In these documents, the German Government insists that certain relaxation of the blockade be made concerning the coastwise navigation of the colliers.

It seems evident:

- 1.—that the exploitation of the Silesian Mines produces small quantity of coal.
- 2.—that the Ruhr Mines must furnish coal to Eastern Prussia.
- 3.—that the transport by railway of this coal will necessitate an important rolling stock.
- 4.—that, at least for the present, the deliveries of coal to the Right and Left Banks of the Rhine are limited on account of the shortage of transport material.

5.—that, consequently, the transport by colliers of the necessary coal to Eastern Prussia would facilitate and increase the delivery of coal, especially on the Left Bank of the Rhine.

This last consideration is of real interest for us.

The Controller

GAILLARD

[Subenclosure 1]

[*Letter From the German National Commissioner of Coal*] to the
Controller Gaillard

BERLIN, February 13, 1919.

A request addressed to Admiral Browning, in view of obtaining authorization for German colliers to sail to Dantzig and Königsberg has not been granted.

As I have already explained in Note II of this month, the direct railway traffic from Upper-Silesia to North-Eastern Germany are hindered by Polish attacks.

On account of this, quantities of coal have to pass across the whole of Germany towards Eastern and Western Prussia, and the consequence of that is a very considerable increase in the want of means of transport.

I again request that the question of raising of blockade be presented and backed by the Allied High-Command. This will also eliminate one of the impediments we encounter in increasing shipments of coal from the Ruhr to Lorraine, the Sarre and Luxemburg.

STUTZ

[Subenclosure 2]

[*Note From the German National Commissioner for Coal Containing*] *Proposition for the Free Navigation of Colliers "Elbing II" and "Elbing III" From Leer on the Ems to Elbing and Dantzig*

BERLIN, February 15, 1919.

The firm of F. Schichau at Elbing and Dantzig, can no longer receive sufficient coal, on account of the difficulties of transport and troubles in Upper-Silesia. There is danger that its factories be stopped in a very short time. The particular interest of the Allies is to avoid this, as the firm of Schichau especially deals with the manufacture and repairs of locomotives.

In consequence thereof, it is requested that the two colliers *Elbing II* and *Elbing III*, which are at Leer on the Ems, loaded with coal for the firm Schichau, be authorized to sail for Elbing and Dantzig.

On February 4th, 1919, a similar request was presented under No. VI 3037/17 by the Demobilmachungsamt to the Armistice Commission at Spa, to be handed to the Allies and no decision has yet reached us on this point as far as we know.

Appendix 70

[Report of the Blockade Section Regarding the Raising of the Blockade on the Adriatic]

At their meeting on the 26th March, the Blockade Section had before them a letter from Prof. Attolico regarding the raising of the blockade in the Adriatic:

[“]Delegazione Italiana al Congresso della Pace,
Hôtel Edouard VII. Parigi, 24 March, 1919.

Dear Mr. McCormick,

I am directed to answer your letter to Signor Crespi regarding the blockade in the Adriatic.

The slight misunderstanding to which you refer originates from the ambiguous form in which the decision of the Supreme War Council was framed.

In the circumstances, the Royal Decree of which you have copy, and which was duly communicated to the Italian Naval Authorities, instructing them to allow free passage to all goods except those included in the prohibited list, was sufficient to ensure the execution of the War Council's resolution while at the same time fully securing what was really aimed at: that is to say liberty of trade in the Adriatic.

Since receiving your letter, however, and in view of the ‘technical’ concern expressed as to the sufficiency of the measures adopted, I have spoken to my Prime Minister, who authorizes me to state that the naval blockade of the Adriatic will forthwith be raised, without prejudice, however, to the right of search, and to the exigencies of the policing of the seas consequent on the state of war which still exists.

I am, Sir,

Yours very truly

(Signed) B. Attolico.”

In connection with the foregoing the following resolution was adopted:

“RESOLVED.—That acknowledgment should be made of this letter and that its contents should be transmitted to the Supreme Economic Council for its information, and

“FURTHER RESOLVED.—That it should be pointed out to the Supreme Economic Council that the essential step to be taken by the Italian Authorities was the rescission of the two Italian Decrees by virtue of which the blockade was first imposed.”

Appendix 71¹⁷

[*Report From the Blockade Section Regarding] Suspension of Restrictions on the Import Into Germany of Fish Caught in European Waters*

At the twelfth meeting of the Superior Blockade Council held at the Ministry of Commerce on the 26th March, 1919, the following resolution was adopted:—

RESOLVED—

“That, in accordance with the decision of the Supreme Economic Council, the A. B. C. be instructed to inform the I. A. T. C. in Christiania, Stockholm, and Copenhagen that all quantitative restrictions imposed by existing agreements upon the export of fish from Norway, Sweden, and Denmark to Germany are temporarily suspended, and that the respective Governments of Norway, Sweden, and Denmark be so informed forthwith”; and

FURTHER RESOLVED—

“That it was not necessary for this Council to pass a special resolution authorising the removal of all restrictions of the import, into the liberated territories, of fish caught in European waters, as requested in Minute 244 of the fifth meeting of the Food Section of the Supreme Economic Council held on the 18th March, 1919, for the reason that all blockade and trade restrictions with the liberated territories, with exception of Lithuania and Latvia, had been recommended for removal by this Council, and that trade in consequence with said regions would be free.”

Appendix 72

Report of Special Sub-Committee [Regarding Correspondence With Germany in Connection With the Brussels Agreement]

The Special Sub-Committee in charge of detail arrangements in connection with the Council's instructions regarding the administration of the Brussels Agreement report that in accordance with said instructions:

(1) a telegram (annexure I) has been despatched whereby the German Government has been made aware of the new regulations regarding black list (with reference to minute 57).

(2) a further telegram (annexure II) has been sent whereby Germany has been informed that Allied experts are being sent to Cologne to arrange for purchase of principal raw materials.

¹⁷ Appendix 71 is filed separately under Paris Peace Conf. 180.0501/34.

(3) instructions (annexure III) have been laid out to the said delegates.

The above documents are hereto annexed.

JEAN MONNET

ANNEX I

Telegram Despatched on March 26th to Germans Through the International Armistice Commission, Spa, From the Supreme Economic Council

With reference to communications already addressed to the German Government regarding the import of foodstuffs and the export of commodities in pursuance of the Brussels Agreement, the following supplementary announcement is made:

That with a view to assisting Germany to obtain credits in Neutral Countries for the purchase of food supplies in accordance with the promise of consideration given by the Delegates at Brussels, the Associated Governments state that no firm in any Neutral Country will in the future incur the penalty of blacklisting because it has:

- (a) exported foodstuffs to Germany within the limits approved by and in accordance with the regulations of the Associated Governments;
- (b) afforded credits to Germany for the purchase of such foodstuffs;
- (c) imported goods permitted by the Associated Governments to be exported from Germany.

Negotiations and trading by Germany with firms in Neutral Countries, even though on the Black Lists, will be permitted, subject to the approval of the Superior Blockade Council.

ANNEX II

Telegram From the Supreme Economic Council to General Nudant at Spa, for the German Government, Berlin

PARIS, 26th March, 1919.

Arising out of Clause 4 b. of the telegram of 24th March, 1919,^{17a} the Associated Governments inform the German Government that the technical delegates for coal, for wood, for paper and for sugar are leaving to-day for Cologne where they will be on Friday morning, March 28th. The German Government is requested to nominate urgently with all necessary powers its technical delegates who will come

^{17a} See appendix 37, p. 89.

into contact with the Allied delegates at the Economic Section of the British Military Governor at Cologne.

ANNEX III

Instructions for the Heads of the Technical Delegations at Cologne

PARIS, 26th March, 1919.

1. The Brussels Agreement.
2. Copy of a telegram addressed by the Supreme Economic Council to the German Government on 24th March.
3. Copy of the telegram addressed by the Supreme Economic Council to the German Government on 26th March.
4. Copy of the telegram addressed on the 26th March to the German Government for the appointment of its technical delegate.

Instructions—

By application of Clause 4 b. of the telegram addressed on the 24th March, 1919, by the Supreme Economic Council to the German Government, the Supreme Economic Council has decided that each country should send to Cologne technical delegates and should nominate a head of the Delegation. The four heads of Delegations shall have full powers to give their particular instructions to their own delegates. The four heads of Delegations will conduct negotiations by common agreement. In case a disagreement should arise between the various Allied Missions, the four Heads of Delegations shall have full powers to adjust it without having to refer it back to the Supreme Economic Council at Paris. They should keep strictly within the limits laid down by the above telegrams and by the Brussels agreement of the 14th March, 1919, particularly in so far as concerns the financial arrangements.

The heads of the Delegations will be:—

America	Mr. Legge
England	Mr. Ronga
France	M. Gaillard
Italy	M. Dante Ferraris

The meeting with the German Delegates is appointed at the Economic Section of the British Military Governor at Cologne on Friday, March 28th. The technical Delegations who are already at Mayence or other German towns engaged in negotiations for purchases of German products in accordance with the Brussels agreement and the telegram of the 24th March should put themselves in communication with the head of their respective delegation at Cologne and receive from him the necessary general instructions.

Appendix 73

[Report From the Blockade Section Regarding Regulations for Correspondence Between Germany and Firms in Neutral Countries]

The following report of the Sub Committee to consider Rules for Correspondence between Germany and firms in neutral countries, was considered and approved by the superior blockade council at their meeting of the 25th [29th] March.

The committee considered what rules might be laid down for correspondence whether on the black list or not. The Committee assumed that it was only intended to permit communications on the subject of trade of the character authorised by the Associated Governments.

The committee recommend unanimously that the Germans be allowed to communicate by all available routes, subject to the following rules:-

1.—Communications regarding German exports must refer only to commodities other than gold, silver, securities or other negotiable instruments, and material of war.

2.—Communications regarding German Imports must for the present refer only to foodstuffs.

3.—Speculative transactions will not be permitted.

4.—Telegrams must be *en clair*, and must be readily intelligible and contain no hidden meaning. They must be in French or English, or in Italian in the case of messages exchanged via Italy or Italian colonies. They must be signed with the name of the sender, and addressed in full, in the case of telegrams sent via Italy or Italian colonies, Christian names must also be given. Registered addresses, either in signature or address, will not be permitted. The word "telegram" is understood to include wireless messages.

5.—Postal correspondence will likewise be permitted with regard to transactions of the character approved by the Associated Governments. It must be expressed in clear and unequivocal terms with the name and address of the writer shown clearly on the envelope.

6.—Parcel post will not be permitted in either direction but samples of the permitted commodities may be sent in postal packets.

7.—The Associated Governments reserve power to detain any communication whatever without reason being given. No claim with regard to such detained correspondence will be considered.

Until the interested interallied boards shall be established in Rotterdam the associated consulships shall provide these boards with copies of, or the substance of, all such relevant communications as the boards shall require. When the interallied boards are established at Rotterdam, the question of settling for the routing of correspondence through Rotterdam will require careful consideration in view of the practical difficulties.

If it is decided that correspondence shall be allowed to the Germans not only with neutral countries but also with all foreign countries the

same rules shall apply, but it should be noted that in this event existing legislation will have to be modified.

C. BRIGHAM
*Lt. Col., General Staff
Chairman*

Appendix 74¹⁸

Note From the British Delegates [Concerning] Arrangements for Meetings With German Delegates To Arrange Purchases of German Products

1. In accordance with the terms of the telegram sent to the Germans on the 24th March by the desire of the Supreme Economic Council, representatives of the United Kingdom, France, Italy, United States of America, and Belgium are to meet representatives of the German Government at Cologne at monthly intervals:—

- (a) To receive statements of the German goods of the classes specified in the telegram which are available for export during the thirty days next following.
- (b) To notify within four days what amounts of the goods thus declared for export the Allies, or any of them, desire to purchase, within the limit of two-thirds of the amounts declared.
- (c) To arrange prices and other terms of purchase.

These arrangements having been completed, the Germans will be free to export, of the goods declared, the balance which the Allies have not selected for purchase.

2. The place fixed for these discussions, namely Cologne, is much more conveniently situated for the German sellers than for the Allied purchasers. For the latter, a journey of some length, involving a certain degree of discomfort and a considerable expenditure of time is required. Communication with headquarters, whether in Paris or in other Allied capitals, though quite good, cannot be effected without delays which may be of vital importance. If any of the Allies find on meeting the Germans that, through failure to anticipate correctly the nature of all the matters to be discussed, the Delegates need to be reinforced by adding someone having special knowledge on some point under consideration, the short time available renders such reinforcement impossible in practice while the meetings are held at a place so distant as Cologne is from Paris and London.

3. A place of meeting which could be reached from Paris within an hour or two would present great advantages over Cologne for the conduct of those purchasing negotiations. Instead of the Germans

¹⁸ Appendix 74 is filed separately under Paris Peace Conf. 180.0501/34.

being among their own friends and having the readier means of communication with those on whose behalf they act, while the Allies are among an alien population and cut off effectively from communication with their principals, the situation would be reversed.

4. The plan of appointing a representative for each of the Allies, who should superintend all the purchase negotiations, presents the difficulty that such a person could not be expert in all the matters under negotiation, and would nevertheless have to decide matters of difficulty without the opportunity of consulting anyone not actually present if the meetings take place at Cologne. The resolution of difficulties by conference between the four heads of Delegations does not provide a solution for all cases, as has been already illustrated by one misunderstanding referred from Cologne to Paris.

5. The application of the same arrangement for Delegates dealing with German exports as has been applied to the financial negotiations, namely, to make Compiègne the place of meeting, if that were possible, would solve most of the difficulties arising out of the meetings. The representatives who dealt with different commodities need not, if that course were more convenient, all meet at the same time. A series of meetings spread conveniently over thirty days would furnish a continuous occupation for the officials in whose charge the general arrangements were placed, and would reduce to a minimum the difficulties of housing the expert negotiators.

Appendix 75

[*Resolution Dated March 31, 1919, Submitted by the American Delegation on the Blockade Section Regarding] Suspension of Enemy Trade and Black Lists*

The question raised by the following resolution is submitted by the American Delegation on the Blockade Section to the Supreme Economic Council for determination:—

“WHEREAS, the Supreme Economic Council at its Tenth Meeting held March 24th, in Minute 57, in accordance with the Brussels agreement of March 13/14th, 1919, passed the resolution that:

(a) Immediate announcement should be made to the German Government that no firm in any neutral country would, in the future, incur the penalty of blacklisting because it had dealings with Germany in relief or permitted transactions and

(b) Negotiations and trading with firms in neutral countries even though upon the Black Lists will be permitted subject to the approval of the Blockade Section of the Supreme Economic Council

“RESOLVED That on and after April 9th, on which date publication shall be made to this effect, all Enemy Trade and Black Lists of the

Associated Governments, whether Official, Confidential or Cloak, shall be suspended until further notice."

Appendix 76¹⁹

*Resolutions Regarding the Abolition of Telegraphic Censorship
Submitted by the American Delegation of the Blockade Section*

1. All telegraphic and cable censorship of messages passing between the four Associated countries: United States, Great Britain, France, and Italy, be abolished as from the 15th April.
2. All telegraphic and cable censorship of messages passing between any of the above-mentioned Associated countries and Central and South America and Cuba be abolished as from the 15th April.
3. All telegraphic and cable censorship of messages passing between any of the above-mentioned Associated countries and the Orient via the Pacific, except messages to and from Vladivostock, shall cease as from the 15th April.
4. All cables to or from Greece, Spain, Portugal, Norway, Sweden, Denmark, Holland, Switzerland, and Belgium shall be censored by the Associated Governments in whose jurisdiction the message shall originate or terminate. These messages shall be free of any other censorship; that is to say, they shall be permitted to pass without diversion to censorship except only by the Government under whose jurisdiction the message originates or terminates.
5. All cables to or from Tchecho-Slovakia, Jugo-Slavia, Roumania, Bulgaria, Turkey, Finland, Estonia, and Poland shall be censored by the Associated Governments in whose jurisdiction the message shall originate or terminate. These messages shall be free of any other censorship; that is to say, they shall be permitted to pass without diversion to censorship except only by the Government under whose jurisdiction the message originates or terminates.

Appendix 77²⁰

Memorandum on the Commissions Set Up Under the Armistice With Germany and Their Relations to the Supreme Economic Council

1. There exist various commissions and bodies set up directly or indirectly under the armistice to handle relations with the Germans. Clearly, so long as the state of war continues, and perhaps for some time afterwards, these bodies must operate through and under the

¹⁹ Appendix 76 is filed separately under Paris Peace Conf. 180.0501/34.

²⁰ Appendix 77 is filed separately under Paris Peace Conf. 180.0501/12.

authority of the High Command and they must look to the High Command for instructions and policy on all matters of a military nature or concerned with the maintenance of public order.

2. But many of the affairs with which they deal affect directly the industrial and economic situation or are merely questions of civil administration. It is clearly desirable that the policy followed by them should be closely co-related with the general policy which the Allies are pursuing with regard to Germany generally. For example, the policy adopted in carrying out the armistice conditions, as to the withdrawal of machinery stolen by the enemy from Northern France, should be considered in its bearing on the problem of making Germany work for her living, which is one of the most serious which the Economic Council has now to face. It is similarly desirable that the provision of food and the control of food distribution in the occupied territories should be considered in its relation to the problem of food supplies and administration in the rest of Germany.

3. A list of the more important bodies and Commissions now in existence is attached (see Appendix 1). Considerable difficulty has been experienced in ascertaining the functions of some of them and it is possible that the list is not complete.

4. The Supreme Economic Council is not specially concerned with the Commissions supervising road, rail, and water transport, save for special problems, e. g. transport of supplies across Germany, Poland and Austria. But the Communications Section should be furnished with periodical reports by all such Commissions.

5. The other bodies fall into three groups:—

(a) Those dealing with the actual execution of the Armistice and with communications concerning the Armistice.

(b) Those concerned with the administration of the occupied territories.

(c) Those set up directly under the responsibility of the Supreme Economic Council and concerned with the whole of Germany.

THE INTERNATIONAL ARMISTICE COMMISSION

6. The International Armistice Commission at Spa fulfils a double function. It is a channel of communication with the Germans performing in this respect the sort of duties which would in peace be performed by the Embassies at Berlin, and it also supervises the actual execution of provisions as to the return of machinery, securities, etc.

7. The Armistice Commission is responsible to Marshal Foch, who is charged with the execution of the Armistice. So far as economic questions arise in respect of the Armistice they should be referred by the Armistice Commission to the Supreme Economic Council. The Council of Ten decided some time ago that economic delegates should be attached to the staff of the Armistice Commission to deal with such

questions. The arrival of German delegates at Port Saint Maxence-aura will probably result in this being now unnecessary.

THE SUPREME ECONOMIC COUNCIL AND THE ADMINISTRATION OF THE OCCUPIED AREAS

8. The administration of the occupied territories inevitably presents difficulties on account of the mingling of military and civil responsibilities. There can be no question that in matters of military importance the authority of the Army Commander acting under directions of the High Command must be supreme. But many of the problems to be dealt with are of a civil, economic or industrial rather than of a military nature and they must be considered in their bearing on the general problem of economic relations with Germany as a whole. The political, civil and economic questions should be treated by an Inter-Allied Civil High Commission, whose powers should, so far as necessary, be authorised by the Council of Ten.

9. The importance of the occupied territories in restarting trade with Germany must not be overlooked. The sooner the practical difficulties and the inevitable prejudice which have blocked the resumption of ordinary trade relations with Germany, are removed, the better it will be not only for Germany, but for the whole world, and especially for the United Kingdom. Four months have elapsed and trade even with the occupied territories has not yet restarted. In the meantime the paralysis of the whole commerce of the world—a by no means unimportant cause of the prevailing industrial unrest—gets more serious. The financial difficulties of trade with the occupied territories are less and the prejudices against the trading with them are less than with the rest of Germany. It is clearly then of great importance that every effort should be made to re-open trade with the occupied territories.

10. Whatever may be the decisions ultimately taken on the delicate political issues involved, it is not possible to deal with the administrative and the economic problems of the occupied territories as other than part of the whole German problem. Under the terms of the Armistice, the Germans claim in any case that the local administration should continue. It would indeed be impossible at present to administer the country through any other means. But of course, the local civil administration is connected by many ties, formal and otherwise, with the Government at Berlin and with the administration of the rest of Germany.

11. It may be possible to break many of the formal relations between the local administration and the rest of Germany. The fact that the boundary of the occupied areas is quite arbitrary and corresponds to no administrative division, renders this in some cases difficult. The question of the economic relations between the occupied territories

and the rest of Germany must obviously depend from time to time on decisions taken with regard to the political status of the Left Bank. It is clearly necessary, however, that problems of industry in the occupied area as well as the problems of food control should be considered with a close appreciation of their relations to the general problem of Germany and to the policy to be adopted by the Allies in respect of them.

12. The functions of the Inter-Allied Economic Committee of Luxembourg should be more closely defined. At present it does not concern itself with food questions, but it is mainly occupied with giving licenses for commercial dealings with the enemy and regulating the trade in raw materials and manufactured products between the occupied territories and with the rest of Germany, with neutrals and the Allies.

13. The Supreme Economic Council has agreed to the formation of an Inter-Allied Military Committee independent of the Luxembourg organisation to deal with the food problem in the occupied territories. So far as the determination of the supplies is necessary, having regard to the military situation, the transport of these supplies and the enforcement of regulations and Orders and policy, this Committee will be able to perform a very valuable function. It has at present held only a preliminary meeting and save for asking for information on many points it has not yet commenced work.

14. But the food problem is so interlocked with the financial, the administrative and the industrial problems with which the Luxembourg Committee to a greater or less extent already deals, that the co-ordination of food policy and administration should clearly be handled at Luxembourg in close consultation with or by the same persons as those who are responsible for the other economic problems.

Further the whole elaborate machinery of maximum prices controlled distribution through trade channels and centralised buying and marketing set up during the war requires examination and perhaps modification by experts familiar with the difficult agricultural and economic problems involved.

At present the Luxembourg Committee has no direct relations with the Supreme Economic Council. Monsieur Tirard, who has been appointed Controller-General by Marshal Foch, is responsible only to the High Command. The Committee does refer a certain number of questions to a Paris Committee set up by the Ministers of Blockade, but the relation of this Paris Committee to the Supreme Economic Council and the various Sections of it has not been defined. It is clear that the Luxembourg Committee should, on all matters not of a military nature affecting the industry or economic life of the occupied provinces, receive its directions from the Supreme Economic Council.

15. Subject, therefore, at all times to military necessity it is suggested that the following arrangements should be adopted:—

RECOMMENDATIONS

(1) That the full responsibility for taking all necessary executive action in accordance with any policy decided upon for the occupied areas should rest on the Army Command in each Area, who will on civil, political and economic affairs follow the instructions of the Inter Allied Commissioners referred to below.

(2) That the Army Commands should so far as is considered necessary, be assisted by the best available expert advisers on the particular branches of administration or industry with which as the ultimate executive authority in the occupied areas they have to deal, e. g. finance, food, industry, fuel, labour, etc. These expert advisers will receive directions direct from the Inter Allied Commissioners.

(3) That the Committee Economique at Luxembourg should be formally constituted under the joint responsibility of the High Command and of the Supreme Economic Council with full authority as an Inter-Allied Commission to co-ordinate the administration of the four Army Commands on all economic, industrial and food questions in accordance with the policy laid down from time to time by the Supreme Economic Council. The decisions on Economic matters of the Inter-Allied Commission of Luxembourg should have executive force and should be observed by the Armies in the different zones.

(There appears to be no special reason why this Committee should continue to have its headquarters at Luxembourg. Cologne, which is the industrial and financial centre of the Rhineland, or Coblenz or Mayence would appear to be the more accessible and convenient. For convenience, however, it is referred to in this memorandum as the Luxembourg Inter Allied Commission)

(4) The Luxembourg Inter Allied Commission should be composed of 4 High Commissioners, one from each Ally, who should be men of wide administrative and official experience. They will have to be trusted with wide discretionary powers. Monsieur Tirard, the French Commissioner, should act as Chairman.

(5) The Luxembourg Inter Allied Commission should constitute expert Sub-Committees on finance, food, raw materials, import and export arrangements, labour, coal, etc., of each of which the Commissioners should be ex-officio members, but which should be attended by the senior officers actually responsible for each subject in each Army area. These Committees should sit at frequent intervals.

(6) That any question directly involving military considerations or affecting the military situation should be referred by the Luxem-

bourg Commission to the High Command for directions. The Inter-Allied Military Food Committee should from time to time consider the military aspect of the food situation in the occupied territories, should co-ordinate transport and other arrangements for handling food supplies and should consider questions of discipline and public order arising under the food control regulations.

(7) That the administrative policy to be followed by the Luxembourg Commission in connection with economic industrial or food matters should be laid down from time to time by the Supreme Economic Council, and its constituent sections to which also questions of difficulty as they arise would be referred. The Commissioner[s] will refer to their Governments on general political questions.

(8) That in framing this policy the Supreme Economic Council whilst paying proper attention to the special circumstances of the occupied territories and to any political or other decisions of the Council of 10, should endeavour to assure the necessary co-ordination in Inter-Allied policy as regards the occupied and unoccupied territories. The Supreme Economic Council should ascertain the views of the Foreign Ministers in respect of any matters involving political as well as economic considerations.

(9) That with a view to expediting decisions on questions concerning occupied or unoccupied Germany, involving more than one section of the Supreme Economic Council, there should be constituted in Paris a Sub-Committee of the Supreme Economic Council of one Delegate only of each Ally whose duty it would be to consider current and pending economic negotiations with Germany as a whole to ascertain the views of the various Sections and so far as possible to embody proposed decisions in draft resolutions for the Council. One or more of the Commissioners or a representative of the Commissioners will attend all meetings of the Sub-Committee on Germany at which questions affecting the Left Bank of the Rhine are considered. A Belgian delegate will also be invited to attend on all matters affecting Belgium.

(10) The Delegate of each country on this Sub-Committee should be responsible for securing that any decisions or any action necessary before a joint policy can be formulated should be taken with the least delay by the appropriate department and that all necessary steps are taken to bring into effect the decisions of the Council.

(11) This Sub-Committee should also be responsible for securing proper co-ordination and liaison between the various Commissions and Missions brought into existence by the various Sections of the Supreme Economic Council and for centralising and rendering available all reports, statistics, or memoranda bearing on the economic negotiations with Germany.

(12) All questions submitted by the Luxembourg Commission or by the International Armistice Commission at Spa should first be

considered by this Sub-Committee and referred by it when necessary to the proper section or to the Council itself for decision.

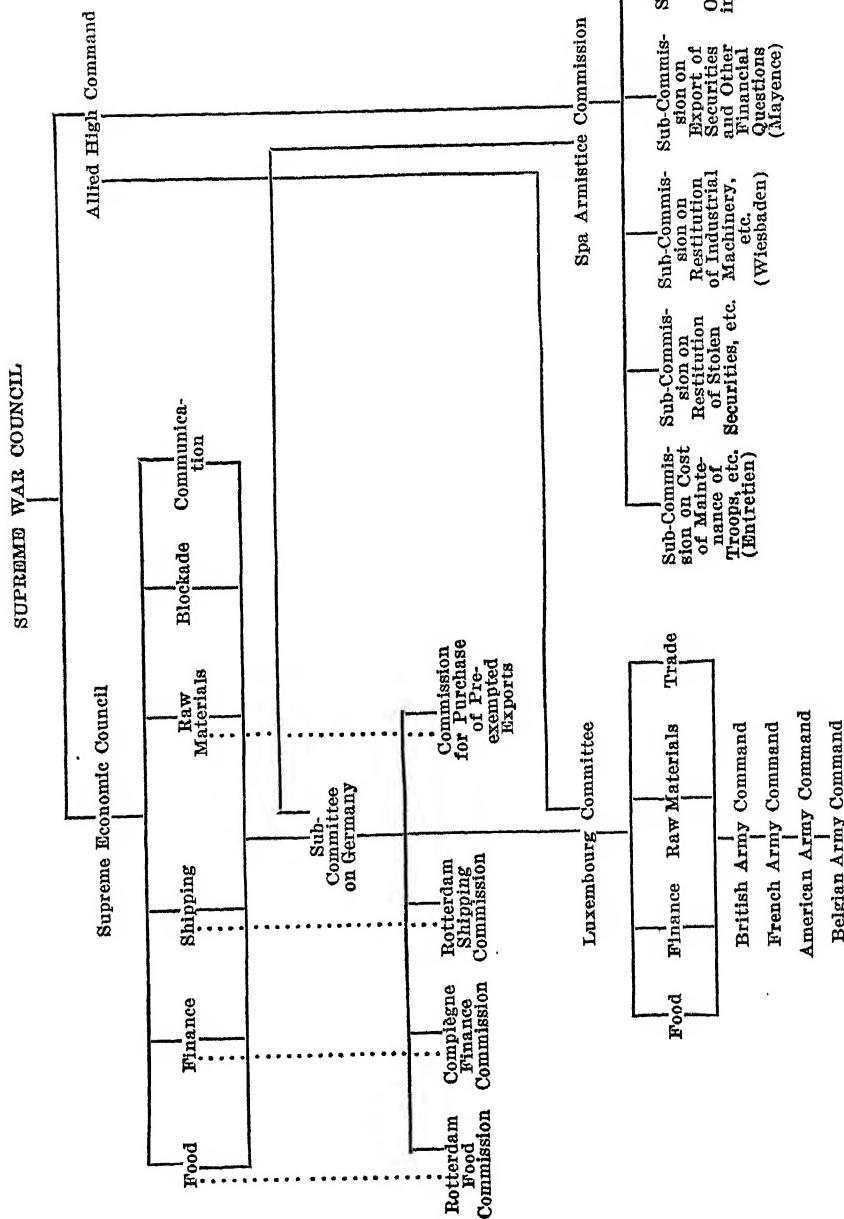
The proposals set out above of course only concern the economic problems of the occupied territories. The scope of the Luxembourg Commission will include not only matters of economic importance but also matters purely of civil and political importance. So far as the civil and political side of the work of the Commission is concerned, it will clearly be necessary to secure covering approval from the Council of 10.

E. F. WISE

APRIL 5, 1919.

Appendix I
List of Commissions, etc.

Name	Functions
Inter-Allied Permanent Armistice Commission (Spa).	General supervision of execution of Armistice conditions, formal communications with German Government.
Sub-Commission dealing with Clause 9 of Armistice (Entretien).	Recovery from Germany of costs of maintaining troops in occupied areas.
Sub-Commission dealing with Clauses 2 & 4 of Trèves Financial Agreement.	Restitution of stolen and sequestered securities.
Sub-Commission dealing with Clause 6 of the January Armistice renewal (Wiesbaden).	Restitution of stolen French and Belgian Industrial Machinery.
Sub-Commission dealing with the handing over of agricultural machinery.	Receiving from Germany Agricultural machinery instead of rolling stock.
Commissions de Réception (Brussels and Metz).	Receiving from Germany rolling stock and raw materials handed over under the Armistice.
Calais Railway Commission	Control of Belgian railway system.
Field Railway Commission	Control of Luxembourg and German Rhineland Railways.
Calais Navigable Waterways Commission.	Control of Belgian Navigable waterways.
Field Navigation Commission	Control of the Rhine, Moselle, and Sarre Navigation.
Commission for postal control (Luxembourg).	Control of correspondence, telegraphs and telephones in occupied areas.
Commission économique (Luxembourg)	Supervises distribution of raw materials to factories in the occupied area and output of goods and regulates economic relations in occupied territories and the rest of Germany.
Paris Left Bank Committee	To deal with blockade trade and other questions referred to it by the Army Command or by Luxembourg.
Shipping Commission (Rotterdam?) not yet appointed.	To provide channel of communication for settling practical details in handing over German ships.
Rotterdam Food Commission	To settle the commercial and other details arising out of the sale of foodstuffs to Germany by the Allies.
Compiègne Finance Commission	To settle details of the financial arrangements between the Allies and Germany.



Appendix 78²¹

[*Letter From Mr. Gorvin to Mr. Hoover Regarding Relief of Odessa*]

FOOD SECTION, 26, RUE DE BASSANO,

PARIS, April 4, 1919.

DEAR MR. HOOVER: The Admiralty here has just received the following urgent telegram with regard to the position in Odessa:—

“Unless flour is sent at once Odessa must be evacuated as food situation is critical, local supplies are enough till April 9th. Until at least one month's supply of 15,000 tons is on its way British vessels with goods for Odessa should be detained in England or elsewhere.”

As I write this the following further message has been received from Mr. Picton Bagge, British Consul at Odessa:—

“Food situation is most critical and if flour is not sent in by Allies immediately Odessa will have to be evacuated. In consequence I am of opinion now that British vessels with goods for Odessa should be detained unless for political reasons H. M. G. assume risks of goods until you know at least one month's supply of 15,000 tons is on the way here. Local supplies are sufficient until April 9th.”

I am to ask whether there is any possibility of America being able to put supplies into this port. In the meantime, I am enquiring of London as to the possibility of our putting in any supplies.

Yours sincerely, (For British Director of Relief Mission)
J. H. GORVIN

The Hon. HERBERT HOOVER,
Hotel Crillon, Paris.

Appendix 79²²

[*Letter From Mr. Hoover to Mr. Gorvin Regarding Relief of Odessa*]

51, AVENUE MONTAIGNE, PARIS, 5 April 1919.

MY DEAR MR. GORVIN: I am in receipt of your note this morning with regard to Odessa. I also have a telegram from the American Consul much to the same effect. The only cargoes that could be got into Odessa anything like in time are those of the Wheat Executive at Port Said, and it would seem to me, therefore, critically necessary that these cargoes should be diverted. Not only are they nearer to Odessa but for us to divert cargoes that are passing Gibraltar en route to Trieste and Roumania simply means that Vienna, Tcheco-Slovakia and Roumania will absolutely starve.

²¹ Appendix 78 is filed separately under Paris Peace Conf. 180.0501/12.

²² Appendix 79 is filed separately under Paris Peace Conf. 180.0501/12.

Would it not also be desirable to use the U. K. tonnage that is apparently available for merchandise for Odessa for the transportation of food supplies. It must be evident that food is the first necessity in these situations. I have taken similar action with regard to American mercantile shipments intended for the Near East in order that we may maintain Roumanian supplies—and greatly to the prejudice of our merchants.

Faithfully yours,

HERBERT HOOVER

J. H. GORVIN, Esq.,

26, Rue de Bassano, Paris.

Supreme Economic Council: Twelfth Meeting Held at the Ministry of Commerce [on 14th April, 1919, at 10 a. m.]

The Supreme Economic Council held its twelfth Meeting on Monday, 14th April, 1919 at 10 a. m. under the Chairmanship of Mr. McCormick.

The Associated Governments were represented as follows:—

GREAT BRITAIN.	Commander Leverton Harris Mr. E. F. Wise Sir William Goode
U. S. A.	Mr. Hoover Mr. Norman Davis Mr. Robinson Mr. Baruch.
FRANCE.	M. Clémentel.
ITALY.	Prof. Attolico.

86.

The Minutes of the eleventh meeting were submitted and deferred for approval to the next meeting.

87. Belgian Representation on Sections of the Council.

A letter from the Belgian Minister dated 8th April (80) reporting a request made by the Belgian Government that they should be represented on certain Sections and Commissions of the Council was submitted.

It was agreed:—

(a) That, in view of the constant reference made at the Council to matters of interest to Belgium, the Belgian Government should be invited to appoint a Representative to attend all Meetings of the Council, and such Meetings of the various Sections as he desired;

(b) That the above decision should not be interpreted as creating a precedent in respect of the representation of other Governments on the Council.

88. Sale to Germany of Raw Materials.

Resolutions (81) from the Raw Materials Section regarding the sale to Germany of Surplus stocks of raw materials held by the Allied Governments, were submitted.

It was agreed:—

(a) That the Resolutions should be adopted subject to confirmation by the Finance and Blockade Sections;

(b) That the Sub-Committee appointed to decide upon the amounts to be offered to the German Government, and the prices to be asked, should have full authority to take action as soon as the Finance and Blockade Sections have accepted the proposals.

89. Resumption of German Trade.

A Memorandum from the French Delegates on the Raw Materials Section dated 1st April (82) embodying proposals regarding the transitory measures to be taken during the period of reconstruction, was submitted.

The Chairman of the Raw Materials Section reported receipt of information to the effect that the Council of Four had decided to deal with this matter direct, and suggested that there was, therefore, no necessity for the matter to be discussed by the Supreme Economic Council.

It was agreed that the matter should be deferred for further consideration at the next Meeting, if necessary, pending receipt of additional information from the Council of Four regarding the position.

90. Relief Measures.

1. POSITION OF RELIEF OPERATIONS.

A report from the Director General of Relief dated 10th April (83) recording the relief measures effected by the Associated Governments during March 1919, was submitted for the information of the Council.

With reference to Minute 58 the Chairman of the Finance Section reported that the Section had not as yet been able to obtain statements as to the share of financial responsibility to be undertaken by the several Allied Governments.

(a) Austria.

The Director General of Relief reported that the United States Treasury had arranged for a loan of \$10,000,000 each to Great Britain, Italy, and France, and that while the two former Governments had accepted the loan and allocated them to the Austrian programme, the French Treasury had as yet taken no action. The French Delegates undertook to press the matter to a conclusion and agreed that, in the meantime, approximately 60,000 tons of relief tonnage now awaiting loading at the Atlantic seaboard might be utilised at once in the expectation that the approval of the French Treasury to the loan of the 10 million dollars would be obtained.

It was pointed out that the 30 million dollar credits already arranged for financing food supplies for Austria would only take care of the relief programme until the end of May and it was agreed, subject to the approval of the Allied Treasuries and the United States Treasury, that further credits up to a maximum of 15 million dollars should be advanced for Austrian Relief on the same conditions as those agreed upon for the 30 million dollar loan.

(b) *General Relief.*

The Director General of Relief referred to the following proposals as regards general relief which had already been placed before the Food Section and which were urgently requiring a settlement:—

(i) That the French Government should agree to the diversion of [for?] relief purposes of about 16,000 tons of pork products held in the United States for account of the French Government and which was in excess of the French Requirements.

(ii) That the grain required for loading 28,000 tons of Austrian Shipping now at Canadian Ports should be financed by either the Canadian or British Governments.

It being reported that these matters were receiving the urgent consideration of the respective Financial Authorities, it was agreed to approve the proposals in principle and to refer them to the Finance Section for final settlement and report at the next meeting of the Council.

2. PROGRAMME FOR MAY ARRIVAL.

With reference to Minute 71 (b) a Report from the Wheat Executive (84) regarding the possible reduction of the Allied Importation Programme of cereals for May delivery so that the relief programme for May arrival might be adequately executed, was submitted.

The Director General of Relief reported:—

(a) That since the Wheat Executive had met, the Italian Government had withdrawn their claims on all Austrian tonnage for May arrival thereby setting free for relief purposes about 92,000 tons of prompt tonnage, on the understanding that replacement of the food-stuffs sent from Italy to German Austria would be effected, if possible, in June.

(b) That it would still be necessary to provide the 50,000 tons of British tonnage referred to in Clause (1) of the Memorandum from the Wheat Executive.

It was agreed:—

(a) That the British Delegates should endeavour to obtain the 50,000 tons of prompt British tonnage required:

(b) That the Italian Delegates should report as soon as possible to the Director General of Relief regarding the possibility of the Italian Government undertaking to finance the whole of the freight on the Austrian Tonnage involved.

91. Use of Enemy Tonnage.

A resolution from the Food Section regarding priority in the use of enemy tonnage was submitted, amended and approved as follows:—

(a) That all enemy cargo tonnage available over and above that required for the transport of foodstuffs to Germany should be used primarily for the carriage of foodstuffs required for the execution of:—

- (i) The Relief programme.
- (ii) The Allied Programmes.

- (b) That the Food and Shipping Sections should co-operate to ensure the most economical use of enemy tonnage for the above purpose.
- (c) That any proposed use of these ships for other purposes must be referred to this Council for approval.

It was noted that the above decisions in no way interfered with the existing agreement whereby the execution of the Allied Food Programme shall have priority on all Allied tonnage.

92. Situation in Latvia, Lithuania and Estonia.

(a) With reference to Minute 68 (c) the Chairman of the Blockade Section reported that, the Military Authorities of the Associated Governments having signified their approval, restoration of trade with Latvia and Lithuania had been authorised, subject to the necessary guarantees being given by the Governments concerned or a recognised agency thereof, regarding re-export of commodities to Germany.

Approved.

(b) A Memorandum from the Food Section (85) embodying a questionnaire regarding the political and economic problems involved in the consideration of relief measures for Latvia, Lithuania and Estonia was submitted.

It was agreed that the memorandum should be submitted to the Conference of the Foreign Ministers of the Allied and Associated Governments with a request for advice upon the problems raised therein.

M. Clémentel mentioned that he had already reported the matter to the Foreign Minister.

93. Relations With Germany.

With reference to Minute 83 memoranda submitted by the American (86) and French Delegates (87) embodying suggestions for consideration in conjunction with the scheme proposed by Mr. Wise for re-organising the Commissions and Authorities dealing with the German economic problems, were considered.

It was agreed:—

(a) That the scheme for the organisation of economic relations with Germany under the Armistice should be referred to the Committee composed of the following members:—

United Kingdom.	Mr. Wise.
U. S. A.	Mr. Legge.
France.	M. Seydoux.
Italy.	Prof. Attolico.

(b) That the Committee should have power to re-draft the proposals put forward by Mr. Wise in view of the recommendations of the American Delegates.

(c) That the Committee should have power to act on all matters solely concerning this Council, and covered by memoranda of Mr. Wise and the French and American Delegates.

(d) That the Committee should furnish a memorandum to the Council of Four on the points requiring their decision.

(e) That the Committee should consider the French proposals for co-ordination of the work arising out of the Brussels Agreement.

94. Italian Coal Situation.

The American Delegates referred again to the serious situation with which Italy is faced, owing to lack of coal, and pointed out that the action already taken was entirely inadequate to meet the present need.

It was agreed.

(a) To appoint a Sub-Committee composed of the following members:—

United Kingdom	Sir Thomas Royden.
U. S. A.	Mr. Legge.
France	M. Loucheur.
Italy	Prof. Attolico.

charged with the responsibility of finding the means of obtaining coal for Italy immediately, and with authority to make such recommendations to the Finance Section as they consider necessary.

(b) that a report of action taken should be submitted to the Council at its next meeting.

95. Relief and Reconstruction Credits for Liberated Territories.

With reference to Minute 23 (2) the following resolution submitted by the Chairman of the Finance Section was considered, and referred back to the Finance Section for re-consideration with power to take such action as they consider necessary:

"That those advances shall include all those made since the Armistice for relief and reconstruction purposes, and that relief and reconstruction purposes are defined as including all advances made for food, clothing, raw materials, railway material, and such things as leather belting and lubricating oil but not miscellaneous articles of industry. ["]

96. Black List on Neutral Ships.

With reference to Minute 72 (b) it was reported that the Shipping Section had decided to continue the ships' Black list subject to all black listed vessels under 1600 Gross Register now in the Baltic, being permitted to move provided they were chartered for approval employment.

Approved.

97. Use of Enemy Wireless Stations.

With reference to [Minute] 79 (*d*) the following Resolution submitted by the Blockade Section was approved:—

“That action be taken with respect to the wireless stations at Vienna and Budapest, with a view to establishing the same control over said stations as that which has been approved for the stations at Nauen, Hanover, and Berlin. [”]

It was agreed that the Inter-Allied Commission now sitting at Vienna should make the arrangements for the exercise of the necessary control.

98. Organisation.**I. REPORT OF SUB-COMMITTEE ON PERSONNEL.**

The following decisions of the Sub-Committee appointed on 7th April to consider the question of personnel in relation to the organisation and procedure of the Council were approved:—

(*a*) The responsibility for the preparation of the Agenda is to be assigned to the French Officer designated by M. Clémentel.

(*b*) The responsibility for drafting the minutes is to be assigned to Dr. Dixon.

(*c*) The responsibility for drafting the official Press communiqué is to be assigned to Captain Hart.

These duties are as defined in the Report of the Organisation Committee of March 26th (61) and the arrangements as to the Press Committee (63) already approved by the Council, and are subject to the conditions therein prescribed.

II. The following Resolutions adopted by the Wheat Executive and Food Section regarding the status of the Committee of Representatives and its Sections, were approved :

(1) That the Committee of Representatives shall be merged into the Food Section of the Supreme Economic Council. The Wheat Executive and other Food Executives shall become Committees of the Food Section, and their members shall have the right of attending meetings of the Food Section.

(2) That the Freight Committee of the Committee of Representatives shall become the Freight Committee of the Food Section of the Supreme Economic Council.

99.

It was agreed that the Council should hold its next Meeting on Tuesday 22nd April, at 10 a. m.

Appendix 80

Translation

[*Letter From the Belgian Minister of Foreign Affairs (Hymans) Regarding the Representation of the Belgian Government on the Council and Its Sections]*

BELGIAN DELEGATION, PARIS, 8th April, 1919.

SIR: The Belgian Government has recently expressed the desire to be represented on the two Sub-Commissions of the Supreme Economic Council, the Finance Section and the Raw Materials Section. We do not doubt that the Allied Governments will consent to the admission of the Belgian Delegates to these two Sections, but in the meantime, we should be much obliged if you would give instructions for the decisions of the Supreme Economic Council touching directly on the interests of Belgium, to be sent to the King's Legation in Paris.

Further, we have learnt that a new organisation in connection with the Supreme Economic Council is contemplated, to deal with the problems relative to the German Affairs in general. Into the work of this new Committee would be merged that of the Interallied Committee for the Rhine Territories, which would cease to exist. According to information we have received, this Commission for German Affairs would only include representatives of France, England, United States and Italy. A Belgian Delegate would only be included when Belgian interests appear directly interested.

I beg to insist strongly that a Belgian Delegate should function permanently on the Commission which is going to be set up. Our interests both on the Left Bank of the Rhine and in the rest of Germany are considerable. Our position of immediate neighbour of the German State renders it necessary for us to follow closely all important economic questions which arise every day between the Allies and their relations with Germany.

Under these conditions the King's Government must insist on obtaining a permanent representation on the new Committee for German Affairs, which is about to be created by the Supreme Economic Council.

I do not doubt that the Allied Governments will recognise the important and direct interests of Belgium and grant the request which I have the honour to set forth above.

HYMANS

THE PRESIDENT OF THE SUPREME ECONOMIC COUNCIL.

Appendix 81

Resolution [From the Raw Materials Section] Concerning Surplus Stocks of Raw Materials

At the meeting of the Raw Materials Section on April 4, 1919, the following Resolution was adopted:

That the Raw Materials Section of the Supreme Economic Council gives its general approval to the Scheme whereby the Surplus stocks of raw materials in the possession of the Allied Governments may be offered for sale to the German Government at such prices as may be agreed upon.

That the question of the actual amounts to be offered and of the prices to be asked be remitted to a Committee of one representative for each of the four Associated Governments, provided that the price fixed should be such as to place the German manufacturers on an equal footing with that on which Allied and Associated manufacturers stand.

That the question of necessary credits and any other financial aspects of the Scheme be referred to the Finance Section of the Council, and that with the approval of the Finance Section the Committee of Four be empowered to enter into negotiations with the German Government, and to conclude sales. This arrangement is to last until the Treaty of Peace, the French Government reserving their opinions as to what ought to be done afterwards.

Appendix 82

[Translation¹]

Note by the French Delegates on the Raw Materials Section on the Resumption of German Foreign Trade After Signature of Preliminary Peace

The Economic Council has asked for a statement of the conditions under which the most complete freedom possible might be given to Germany to resume her import and export trade immediately after the signing of the Peace Preliminaries.

The reasons advanced by the American and British Delegates were: on one hand, that, to prevent the entrance of Bolshevism into Germany, we must endeavour to facilitate her obtaining her food supply and means to work, and that, on the other hand, all nations in the world should, at this moment, try to establish, as far as possible, freedom of trade, so as to restore the necessary equilibrium as soon as possible.

¹ Translation is filed separately under Paris Peace Conf. 180.0501/34.

1. France calls attention first of all to the fact that she, as well as Belgium, is in an especially bad situation. The condition of the great industries of the north and east of France—systematically destroyed by Germany—make it impossible for her to resume at once her place in the export market, and consequently, if complete freedom were given to German exports, our industries of the north would find their place occupied by Germany in two or three years, when their factories were once more ready to operate. This would be allowing the Germans a reward for the destruction which they carried out, and everyone agrees that special precautions should be taken in favour of the industries of the liberated regions to protect them against this danger.

2. A second consideration must be taken into account. The Allied nations have acquired certain quantities of raw materials during the war. The price of these materials has gone down since, and the Germans could therefore acquire what they need to restart their industries at prices much lower than those paid by the Allied nations. They would therefore have considerable advantages over us, and it is certain that some adjustment must be made.

3. Finally, a third and last point: Before the war, Germany, profiting by a privileged situation with regard to certain raw materials, tried to impose her will on other nations. In a notable instance she boycotted consistently the metallurgic industry of France by demanding exorbitant prices for coke.

The best way to bring about the peace of the world is to remove these difficulties as far as possible, and this can be done all the more easily since the Allies are to exact from Germany the export of certain quantities of products to meet the obligations that will be due to the Allied and Associated nations, without this export being detrimental to these same nations.

In a word, Germany must increase her exports, not in manufactured products, but in raw materials and in products demanded by the Allied and Associated nations.

These various points being taken into consideration, what régime can be adopted to restore freedom of trade to the world as soon as possible?

1. Concerning the precautions to be taken for the liberated regions, Germany must insure by priority the manufacture of machinery of all sorts that may be demanded from her for the restoration of the liberated regions.

Let us not forget, in fact, that the various Allied nations have promised a priority in their own countries for the manufactures necessary for the restitution of these unfortunate regions, but if there is anyone on whom it ought to be imposed, it is Germany.

The industrials whose factories have been demolished—and systematically demolished by Germany—in order to suppress their competition in the world markets for a certain time, must have a right of priority to acquire from Germany a quantity corresponding to that which their factories could produce before the war for the purpose of exporting it themselves to the world markets.

These are the two questions which must be satisfactorily solved, if we do not wish to sacrifice the legitimate interests of the devastated

regions. Their application may appear difficult, but the difficulties are not insurmountable, since we are determined to avoid exaggeration in applying them. And these difficulties will never be so great as those which will face the unfortunate inhabitants of the devastated regions in the task of restoring their factories and their homes.

2. As to the raw materials acquired by the Allied nations, at prices higher than those prevailing at present, a list must be furnished at once by the various nations.

Germany shall be required to take over the surplus above the normal stock of each nation, without going above her own normal stock. For example, for the copper which was bought at about 4.50 francs per kilog. by the Allied nations, and which to-day is worth about 2 francs per kilog., the Allied nations will have to keep their normal stock at the price of acquisition. The surplus above the normal stock must be taken over by Germany in dollars at the price of acquisition, without obliging her to take a quantity above her normal pro rata in comparison with the other nations.

3. As to the raw materials, which were the object of the warmest discussions between Germany and the other nations before the war, it seems that direct agreements may be brought about soon, like those in course at Cologne at the present moment, for instance; they must be definitely settled before commercial competition can be reopened in a fair and honest manner.

On the other hand, we must try to give to Germany the means of existence for her industries, and France intends, if she has all the necessary compensations, to guarantee to Germany the ore necessary to her metallurgic industry.

These are the general outlines of the questions to be solved; obviously certain of them cannot be settled without discussing them with Germany, but the policy of the Allied nations must be to come to a clear understanding among themselves before opening the discussion of these important questions with Germany.

CLEMENTEL
LOUCHEUR

APRIL 1, 1919.

Appendix 83

[Report From the Director General of Relief Regarding Relief Measures Effected During March 1919]

10 APRIL, 1919.

REVIEW OF RELIEF MEASURES EFFECTED BY THE UNITED STATES, GREAT BRITAIN, FRANCE AND ITALY DURING THE MONTH OF MARCH THROUGH CO-ORDINATION OF THE SUPREME ECONOMIC COUNCIL

The following table shows the total movement of relief supplies during the month:

(Metric Tons.)

	Cereals	Rice	Peas & Beans	Fats & Meat	C. Milk	Cloth-ing	Misc.	Total
"Reserve" Port Stocks, March 10 . . .	158,075	2,845	6,769	19,465	6,922	2,591	8,900	205,567
Supplies during March	259,693	16,250	5,822	51,862	2,577	3,913	19,015	359,132
Total available supplies	417,768	19,095	12,591	71,327	9,509	6,504	27,915	564,709
"Reserve" Port Stocks, April 1	101,525	6,453	4,538	37,151	5,387	2,021	19,593	176,668
Distribution during Mar.	316,243	12,642	8,053	34,176	4,122	4,483	8,322	388,041

The total value of supplies distributed during the month was approximately \$111,280,000 of which all but about \$3,350,000 was furnished on a basis of deferred payment.

Poland.

The Supplies distributed were:

Breadstuffs	35,715,000 kilos.
Fats	13,902,000 "
Condensed Milk	1,668,000 "
Gift Clothing	460,000 "
Total	51,745,000 "

The arrangements for shipment through Dantzig under the terms of the Armistice have proceeded with great smoothness and dispatch of as high as 4,500 tons a day by rail from Dantzig to Warsaw have been reached. All the sections of critical famine condition are now under successful relief.

Finland.

During the month the arrivals in Finland were as follows:

Breadstuffs	25,414,000 kilos
Peas and Beans	127,000 "
Fats	753,000 "
Condensed Milk	50,000 "
Total	26,344,000 "

Above 10,000 tons of these supplies were furnished under replacement agreements with Northern Neutrals. Distribution is gradually spreading into outlying points, and the straw bread formerly in use is rapidly disappearing. Some difficulties have been met from ice and mines, one ship having been lost and another badly crushed.

Baltic States.

Preliminary measures for the establishment of regular supplies to the coastal areas in the Baltic States have been undertaken.

2,750,000 kilos breadstuffs were actually delivered during the month.

Czecho-Slovakia.

The following amounts of overseas foodstuffs were delivered into Czecho-Slovakia during the month:

Breadstuffs	26,280,000 kilos
Peas and Beans	283,000 "
Fats	2,429,000 "
Condensed Milk	463,000 "
Miscellaneous	456,000 "
<hr/>	
Total	29,911,000 "

Distribution has been less during the month than was hoped for owing to difficulties of railway transportation from the Adriatic. As a further security to regularity of supplies, arrangements have been made for shipment through Hamburg via the Elbe into Bohemia. The first shipments from Hamburg were dispatched on the third of April.

German-Austria.

The total deliveries from Allied sources during the month of March were:

Breadstuffs	32,951,000 kilos
Peas and Beans	68,000 "
Rice	4,138,000 "
Fats	240,000 "
Condensed Milk	759,000 "
<hr/>	
Total	38,156,000 "

Supplies amounting to about 10,000 tons were also made under replacement arrangements from neighboring countries. German-Austria suffered also during the month from difficulties of railway transportation from the Adriatic, but the situation is rapidly improving. The difficulties in financing supplies for this state have been overcome by the joint action of the four governments. The situation at Vienna is extremely bad and measures have been taken to increase the arrivals to 2,000,000 kilos per diem, if transportation permits.

Greater Serbia.

The relief of the entire area of Jugo-Slavia, Montenegro and Serbia is conducted as a single unit. The total distribution during the month amounted to:

Breadstuffs	28,922,000 kilos
Fats	5,000,000 "
Total	33,922,000 "

Surplus of supplies existing in the Banat and Northern counties of Jugo-Slavia have so far enabled the relief of the interior section of this area to be accomplished without heavy shipments far inland.

Roumania.

The total deliveries during the month were 26,967,000 kilos of bread-stuffs. The inland transportation owing to ice in the Danube and the reduction in railway rolling stock from about 1,000 locomotives under pre-war conditions to only 100 actually in use during the month rendered adequate distribution impossible. Again, by the energetic co-operation of all the Allied Governments, this situation is in course of remedy, and supplies during the month of April from overseas should show considerable improvement.

Turkey.

2,298,000 kilos of foodstuffs have been distributed during the month in Constantinople. In addition further supplies are being distributed inland by the military authorities, but again inland transportation conditions make any relief extremely unsatisfactory.

Armenia.

There were supplies from the Relief Administration 4,521,000 kilos of breadstuffs, and 731,000 kilos condensed milk. In addition to these, three shiploads of food, clothing and medical supplies have been delivered for the Far Eastern Relief Commission. Again, the difficulties of inland transportation render assistance extremely difficult.

Belgium.

The following supplies were delivered during the month:

Breadstuffs	113,173,000	kilos
Peas and Beans	7,575,000	"
Rice	8,382,000	"
Fats	9,230,000	"
Clothing	3,710,000	"
Misc. Food	3,534,000	"
<hr/>		
Total	145,604,000	"

The energetic development of the Belgian Food Ministry has rendered it possible for the government to undertake at an early date her own purchase of supplies and transportation; although, of course, Belgium must continue to receive financial and tonnage support from the Associated Governments.

Northern France.

The progressive resumption of the *ravitaillement* of the occupied regions by the French Food Ministry has proceeded so far as to render it possible to gradually withdraw the relief measures which have been continuous over four and a half years and such withdrawal should be complete by the first of May. During the month of March, a total of 6,906,000 kilos of foodstuffs and clothing were delivered into devastated areas.

Germany.

The financial, tonnage and food arrangements were completed at Brussels on March 14th. The first German ships arrived at Allied ports about March 22nd, and on March 25th foodstuffs were actually delivered inside German territory, consisting of:

Breadstuffs	6,787,000 kilos
Fats	743,000 "

The available supplies from all quarters should permit the import into Germany of approximately 200,000,000 kilos during the month of April.

Other Areas.

Relief has been inaugurated in further directions including Bulgaria, Russian prisoners in Germany, refugees from South Russia, etc., the quantitative results of which will be included in April returns.

Organization.

A great deal of progress has been made during the month in the organization of the Allied Food Missions, in the various countries under relief, and the very complex port, railway, and distribution administrations have been greatly advanced by the co-operation of the Associated Governments and the countries under relief.

Under action taken by the Supreme War Council on March 10th, authority was given the Director General of Relief, acting through the Communication Section of the Economic Council, over railway movements in the old Austrian Empire. The improvements have been marked, as evidenced by the fact that the average railway shipments from Trieste for the first fifteen days of March average less than 600 tons per diem, whereas they have averaged over 2,500 per diem during the ten days ending April 5th.

Considerable [work] has been accomplished during the month in the exchange of supplies between various States in Central Europe, whose political and economic relations require friendly intervention to secure necessary exchanges. These measures will proceed on an increasing scale in the future.

Child Feeding.

In order to cope with the very large amount of malnutrition in the liberated areas of Central and Eastern Europe, plans are under way involving medical examination of the children of the poor and provision for the regular and systematic feeding from special canteens. These measures will involve the direct care of between 500,000 and 1,000,000 children. The large expenditure involved places such wholesale measures beyond the capacities of the various charitable associa-

tions and bodies operating in Europe. It is felt that if child life is to be preserved it can only be done by large and systematic measures of this character. Some subventions have been arranged from some of the Associated Governments added to by the local Governments concerned.

During March this work was initiated in Finland, Poland and Roumania, and it is hoped that during the month of April it will be established generally over the liberated countries. It is hoped that charitable support to relief in Europe can be directed into these channels as the financial burden will be of very large dimensions.

General.

It has been solely due to the co-operation of the Food, Financial, and Transportation officials of the eighteen Governments involved that these results have been possible.

[HERBERT HOOVER]

APPROXIMATE ORIGIN OF FINANCE AND SHIPPING FOR RELIEF SUPPLIES DELIVERED IN MARCH 1919

	Value in Dollars		
	Finance on Credit	Paid for in Cash	Tonnage Provided by
America	\$97,154,296	\$2,062,464	270,649
British Empire	463,742	104,715	34,889
France	41,886	· · · · ·	· · · · ·
Italy	· · · · ·	· · · · ·	· · · · ·
Joint Al. Fin.	10,270,213	· · · · ·	· · · · ·
Neutrals	· · · · ·	1,182,934	6,848
Belgium	· · · · ·	· · · · ·	33,500
Unknown	· · · · ·	· · · · ·	42,655
Total	\$107,930,137	\$3,350,113	388,041

APPROXIMATE AMOUNT OF SUPPLIES DISTRIBUTED IN MARCH UNDER SUPERVISION OF THE DIRECTOR GENERAL OF RELIEF

(Metric Tons)

	Bread-stuffs	Beans and Peas	Rice	Fats	Milk	Clothing	Miscel.	Total
Poland	35,715	· · · · ·	13,902	1,668	460	· · · · ·	7	51,752
Finland	35,414	127	753	50	· · · · ·	· · · · ·	· · · · ·	36,344
Esthonia, Aaland Island, Murmansk	650	· · · · ·	· · · · ·	· · · · ·	· · · · ·	· · · · ·	· · · · ·	650
Russian Prisoners	779	· · · · ·	· · · · ·	1,050	· · · · ·	· · · · ·	220	2,049
Germany	6,787	· · · · ·	· · · · ·	743	· · · · ·	· · · · ·	· · · · ·	7,530
Czechs	26,280	283	· · · · ·	2,429	463	· · · · ·	456	29,911
Greater Serbia	28,922	· · · · ·	· · · · ·	5,000	· · · · ·	· · · · ·	· · · · ·	33,922
Roumania	26,967	· · · · ·	· · · · ·	· · · · ·	· · · · ·	· · · · ·	· · · · ·	26,967
Turkey	2,998	· · · · ·	· · · · ·	· · · · ·	· · · · ·	· · · · ·	· · · · ·	2,998
Armenia	4,521	· · · · ·	68	4,138	240	731	· · · · ·	5,252
German Austria	32,951	· · · · ·	· · · · ·	· · · · ·	· · · · ·	759	· · · · ·	38,156
Belgium	113,173	7,575	8,382	9,280	3	8,710	3,531	145,604
Northern France	1,086	· · · · ·	122	829	448	313	4,108	6,906
Total	316,243	8,053	12,642	34,176	4,122	4,483	8,322	388,041

Appendix 84

Report From the Wheat Executive Regarding the Relief Programme for May Arrival

In accordance with the decision of the Supreme Economic Council at their meeting on 7th April, the Wheat Executive discussed with the Director General of Relief the question of reducing the Allied importation programme of cereals for May delivery so that sufficient supplies of foodstuffs could be made available for relief.

As a result of their discussion the following proposals were adopted subject to the concurrence of the British Ministry of Shipping and the relevant financial authorities:—

(1) That 50,000 tons of named British tonnage from N. America at present on the United Kingdom May arrival programme should be allocated immediately for relief purposes.

(2) That the second 50,000 tons should be found from the 90,000 tons of Austrian tonnage which Prof. Attolico understood would make May arrival. This 50,000 tons should be allocated to relief, subject to the replacement in June of the 48,000 tons of Austrian tonnage allocated to Italy in replacement of the flour shipped to Vienna.

Failing the provision of 50,000 tons of Austrian tonnage making May arrival Lord Crawford undertook to use his best endeavours to provide the balance of the 100,000 tons required for relief from British tonnage.

Mr. Hoover suggested:—

(a) The following division of the first 50,000 tons to be provided by the United Kingdom:

Roumania	15,000 tons
Germany (port of delivery Rotterdam) . . .	35,000 "

(b) That the wheat for Roumania should be paid for out of the Canadian loan and that the freight should be financed either by Canada or from the British Relief Fund.

(c) That the Austrian tonnage should be directed to the Adriatic for relief.

Agreed.

Commendatore Attolico stated that he would endeavour to arrange for the freight on Austrian ships to be financed by his Government, and he undertook to report the result of his negotiations to Mr. Hoover.

12 APRIL, 1919.

Appendix 85

Memorandum From the Food Section for Consideration by the Supreme Economic Council [Regarding] the Situation in Latvia, Lithuania and Estonia

The Food Section are receiving appeals of increasing urgency from the Governments of Lithuania, Latvia and Estonia, and from Allied representatives accredited to them. They are unable to deal with these appeals until the following questions are answered:—

1. Is it intended to support the existence of independent Governments in Lithuania, Latvia and Estonia?
2. If so, would a decision to support them be affected if any or all of these States made an agreement with the Bolshevik Government by which their territorial integrity and independence were guaranteed?
3. Is it agreed that any one or all of the Associated Powers should, in the exercise of such responsibility, help these Governments by all the means in their power—financial, material and advisory—short of the despatch of Allied troops?
4. Is any one of the Associated Powers prepared to make any or all of them a loan or to open credits for them?
5. Shall the Food Section assume that the effective occupation of Latvia and Lithuania by German troops will continue until harvest?
6. Is it desired to give moral and material support by means of food supplies and relief to the "White Russian" forces in Estonia, either,
 - (a) for the maintenance of Estonian independence, or,
 - (b) for a possible attack upon the existing Russian Government?
7. What line do the Allies regard as a proper frontier for the allocation of food supplies as between Poland and Lithuania?

[APRIL 11, 1919.]

Appendix 86

[Memorandum by the American Delegation Regarding the Reorganization of the Commissions Dealing With German Economic Problems]

With reference to the proposed scheme for reorganising the Commissions and authorities dealing with the German economic problem,² the American Delegation desires to offer the following suggestions:—

Recommendation 3, paragraph 5:

In view of the American Delegation it is essential that it should be quite clearly understood that the full responsibility for all measures dealing with the economic life of the Rhineland, within the limits of any general policy that may be laid down by the Council of Four,

² See appendix 77, p. 147.

rests on the Supreme Economic Council and not on the military authorities. The Inter-Allied Commission, therefore, should be responsible solely to the Supreme Economic Council and should report solely to it, it being clearly understood that matters of a military nature will be referred by it to the High Command to be dealt with. Any matters of a political nature will be referred to the sub-committee in Paris for transmission to the Supreme Economic Council or to the proper departments of the several Governments interested as they may be hereafter instructed, it being clearly understood that the Rhineland Committee will take no action with reference to either military or political matters except that of referring the questions to the respective military or civil authorities having to deal with those problems.

It is recommended that the Rhineland Committee be transferred to Cologne as being more centrally located when dealing with economic and industrial problems in the occupied territory.

Monsieur Tirard, if Chairman of the Commission, should be responsible to the Supreme Economic Council and would cease to have any responsibility to the High Command.

Recommendation 5:

It is the view of the American Delegation that inasmuch as this Rhineland Committee is established only for the armistice period it will be unnecessary to set up the several sub-committees referred to, which would to a considerable extent duplicate work now in charge of committees covering the several subjects, [it] therefore suggests as a substitute for recommendation 5, the following:—

“The Rhineland Committee will cooperate with the several committees now established on the questions of finance, food, raw materials, etc.”

Recommendation 9:

The Sub-Committee on Germany should be given power without reference to the Council to settle matters which can be dealt with within the policies laid down by the separate Sections or which are referred to it by the Sections for a decision.

Appendix 87³

Memorandum From the French Delegates Embodying Suggestions for the Reorganisation of the Commissions Dealing With German Economic Problems

It is decided that a Committee is to be formed with a view—

1. To co-ordinate the work of the various Commissions and Sections of the Supreme Economic Council to whom has been entrusted the ap-

³ Appendix 87 is filed separately under Paris Peace Conf. 180.0501/34.

plication of the Brussels Agreement and other agreements concerned with the provision of foodstuffs to Germany.

2. To centralise all communications received from and sent to Germany in connection with the above work.

3. To group for the Council all questions bearing on subject mentioned in 1; and in general, to see that the necessary decisions are taken, if necessary, between the meetings of the Council by the various Governments.

4. With the view of giving unity to the transaction entered into by the Associated and Allied Powers in Germany, in connection with the provision of foodstuffs to Germany, it is agreed that the German Government shall be requested to send to a place to be designated in the near neighbourhood of Paris technical experts of food, shipping, finance, raw material, communications.

These delegates to be entrusted by Government with full power to decide on all questions arising out of the provision of foodstuffs to Germany.

All the necessary facilities to enable the business to be carried out will have to be provided.

APRIL 12, 1919.

**Supreme Economic Council: Thirteenth Meeting Held at the
Ministry of Commerce [on 22d April, 1919, at 10 a. m.]**

The Supreme Economic Council held its Thirteenth Meeting on Tuesday, 22nd April, 1919, at 10 a. m. under the chairmanship of Lord Robert Cecil.

The Associated Governments were represented as follows:—

GREAT BRITAIN.	Sir Hubert Llewellyn Smith, Sir Wm. Mitchell Thomson, Mr. Keynes, Mr. E. F. Wise, Sir Wm. Goode.
U. S. A.	Mr. McCormick, Mr. Hoover, Mr. Norman Davis, Mr. Robinson, Mr. Baruch.
FRANCE.	M. Clémentel, M. Loucheur, M. Vilgrain.
ITALY.	Signor Crespi, Prof. Attolico, Count di Cellere.
BELGIUM.	M. Jaspar.

100.

The Minutes of the Eleventh and Twelfth Meetings were submitted and approved.

101. Transitory Measures.

With reference to Minute 89 it was agreed that the French Delegates should draft a letter for transmission to the Council of Four, setting forth in detail the problems already considered or being considered in connection with the period of reconstruction, together with a résumé of the problems still needing consideration and requesting that definite instructions should be given as to the particular authorities to be deputed to deal with them.

102. The Coal Situation.

The following documents were submitted:—

- (i) A Memorandum previously considered by the Raw Materials Section reporting on the Coal Situation in Europe (88).
- (ii) Resolutions from the Raw Materials Section regarding the above Memorandum (89).

(iii) A Report from the British Ministry of Shipping relative to the Italian Coal Supply (90).

The French Delegates made the following statement:—

(a) That as regards the French Coal Position the report submitted to the Raw Materials Section was incorrect in that the French Coal Programme for March was at the present time seriously in deficiency both as regards imports and home production even as compared with the 1918 figures and was little more than half the pre-war consumption;

(b) That the French Government fully appreciating the extreme gravity of the Italian Coal Situation were prepared to do all in their power to give emergency assistance and that to this end endeavour was now being made to increase the supply of French coal to Italy to a total of 5000 tons daily of which it was proposed that 3000 tons should be supplied from the Saar Basin and 2000 tons from the Southern French mines.

It was pointed out, however, that the most recent demand of the Italian Government that these supplies should be immediately increased to 6,500 tons daily was one which it would be extremely difficult to meet under existing circumstances though no effort would be spared to increase the supply to the utmost.

After a statement by the Italian Delegates in which it was pointed out that the problem was twofold, viz. emergency supplies and the execution of a definite programme, it was agreed:—

(i) That the British Delegates should endeavour to arrange for the supply immediately of sufficient splint coal to load the boats now awaiting cargoes at Glasgow;

(ii) That the Sub-Committee appointed at the last Meeting of the Council (See Minute 94) should consider what final arrangements could be made to ensure the execution of a definite Italian Coal Programme and report to the Council at its next weekly meeting;

(iii) That the attention of the Supreme War Council should be drawn to the urgent necessity, from the point of view of the coal supply of Eastern Europe, for a settlement of the political situation in Silesia.

103. Enemy Finance.

(I) *Circulation by the Enemy of Austrian Kronen and Allied Currencies.*

Recommendations (91 & 92) from a Sub-Committee of the Financial Commission of the Peace Conference were submitted and referred back to the Finance Commission, it being the view of the Council that the problems involved should first be considered by that body.

(II) *Interest on German Credits Maturing in Neutral Countries.*

A Minute (93) from the Finance Section reporting the decision that payment of accruing interest on German Credits maturing in Neutral Countries should be permitted in gold or securities provided

that in consideration of such payment the Credits are renewed, was noted and approved.

It was agreed that the Finance Section should have full authority to act on their decisions regarding this and all other similar questions without first referring them to the Council.

(III) Private Remittances to Germany.

With reference to Minute 76 the following recommendation from the Finance Section was adopted:—

“That in all countries private remittances to Germany be permitted provided that the proceeds are made available for the Food Account; each Government being left free to apply this principle in its own way”.

104. Enemy Tonnage.

A Minute from the Shipping Section (94) regarding requests made by the Belgian and Greek Governments that a proportion of enemy ships should be placed under their management was submitted,

It was agreed:—

(a) That the Shipping Section should be requested to submit a fortnightly progress report to the Council regarding the use of enemy tonnage and the arrangements being made for the crews for the boats.

(b) That the Shipping Section should be urged to do all in their power to expedite the arrangements for getting the boats into action, and if any difficulties occurred in manning them that the Belgian Government should be approached regarding the possibility of utilising Belgian crews, of which the Belgian Representatives reported a sufficiency.¹

The Italian Delegates stated that sufficient Italian crews could be found to man any number of vessels.

105. Ships in the Adriatic Claimed by the Jugo-Slavs.

With reference to Minute 73 the American Delegates reported that Mr. Hugh Gibson had been appointed Chairman of the Sub-Committee but that he had not been able to convene a Meeting before his departure for Poland as some delay had occurred in the appointment of the Allied Delegates.

Mr. Dulles was appointed as Chairman in Mr. Gibson's place and the Sub-Committee was requested to meet immediately with a view to a prompt settlement of the matter.

¹ Attached to the file copy of the minutes is the following note:

“Clause b. of the decisions recorded in Minute 104 has not been agreed by the American Council Officer on behalf of the American Delegates.

“Their interpretation of the decision reached would read as follows:—

“That the Shipping Section should be urged to do all in their power to expedite the arrangements for getting the boats into action and to consider the possibility of utilising Belgian crews of which the Belgian Representative reported a sufficiency.”

106. Suspension of Enemy Trade and Black Lists.

With reference to Minute 81 the British and French Delegates reported that their Governments had agreed to the suspension of all enemy trade and black lists.

The proposal now being accepted by all the Associated Governments it was agreed to refer the matter to the Blockade Section with the request that an identic communication be prepared for transmission to the Governments concerned.

107. Relief Measures.*(a) Austria.*

With reference to Minute 90 (a) the British Financial Delegate reported :—

(i) That the British Treasury was prepared to accept an increase in the loan for Austrian relief from \$10,000,000 to \$15,000,000 on the same conditions as before, provided that the other Allied Governments were also willing also to participate.

(ii) That, in consequence of the undertaking given by the French Delegates at the last meeting, instructions had been given by the Wheat Executive for the loading on French account of the 60,000 tons of relief tonnage now at the Atlantic seaboard.

(iii) That he had informed the French Financial Authorities of the action being taken and had asked for confirmation of it but that so far he had received no reply.

The French Delegates stated that they were pressing for an early reply from their Government and hoped to settle the matter at an early date.

(b) General Relief.

With reference to Minute 90 (b) the Director General of Relief reported :—

(a) That it had transpired that the quantity of pork products held in the United States for account of the French Government did not now exceed 2000 tons and that no further action would be taken in the matter.

(b) That the Canadian Government had agreed to finance 29,000 tons of wheat and flour for loading in Austrian tonnage for May arrival in Roumania.

(c) That as regards the relief programme for May Arrival he had not yet received a reply to his request that 50,000 tons of British tonnage should, if possible, be allocated for this purpose.

The British Delegates undertook to refer the matter again to the British Ministry of Shipping with a request for an early reply.

109 [sic]. Removal of Fishing Restrictions.

A telegram to the Permanent Inter-allied Armistice Commission dated 11th April (95) requesting the removal of restrictions on German fishing in the Kattegat and Skager Rak was submitted.

It was agreed to report the matter to the Allied Naval Armistice Commission and to state that judging from the facts placed before them the Council is of the opinion that the above request should be granted.

110. Supplies for Czechoslovakia Via the Elbe.

The Chairman reported receipt of a telegram addressed to Mr. Hoover dated 19th April (96) suggesting that the present restrictions in regard to the tonnage allowed on the Elbe should be relaxed.

It was agreed, in view of the urgent necessity for reducing the traffic from Trieste to Czechoslovakia that all limitations on the quantity of foodstuffs for relief in transit via the Elbe should be removed.

111. Situation in Latvia and Lithuania.

With reference to Minute 92 it was reported that the Council of Foreign Ministers had decided² that, in spite of the present political situation:—

(1) the despatch of food supplies to Latvia, Lithuania and Estonia should be continued, provided the local Allied Authorities were satisfied that these supplies would reach the right people.

(2) that coal should still be allowed to go through from Germany, provided it was only used for supplying the front now set up against the Bolsheviks.

(3) that instructions should be issued to the representatives of the Allied and Associated Governments on the spot that the food should not be landed unless reasonable security existed that it would reach the people and not the Bolsheviks.

112. "Armistice" Locomotives.

An extract from the Minutes of the Communications Section (97) regarding cession of "Armistice" locomotives from the Franco-Belgian front to Poland, Roumania etc. was submitted and deferred for further consideration at the next Meeting.

113. Relations with Germany and Derationing of Northern Neutrals.

(a) The following documents were submitted and referred for detailed consideration to a special Meeting of the Council to be held on Wednesday, 23rd April at 3 p. m.

(i) Note from the British Delegates on the Blockade Section regarding German exports of articles on the pre-emption list (98).

(ii) Report from the Sub-Committee on Germany regarding (i) (99).

(iii) Extracts from the Minutes of the Finance Section regarding (i) (100).

(iv) Memorandum from Lord Moulton on the purchase of German Dyestuffs (101).

² See FM-6, minute 5, vol. IV, p. 589.

(v) Telegram from the President of the German Finance Commission dated 16th April regarding relaxations to be permitted in sailings from Germany to the three Northern Neutral Countries and the Netherlands and in German Coastal Traffic (102).

(vi) Draft Resolutions embodying proposals for rationing Germany in Raw Materials (103).

(vii) Resolutions from the Blockade Section relative to the re-establishment of trade relations with the occupied German territories (104).

(viii) Resolution from the Blockade Section regarding the establishment of unlimited rations of all commodities for Northern Neutral Countries and Switzerland (105).

(ix) Draft Resolutions submitted by the British Delegates regarding the derationing of Germany and the financial problems involved (106).

(b) Purchase of Dyestuffs.

It was agreed that authority should be given for the immediate purchase from Germany of about 50 tons of dyestuffs available which are urgently required for the factories in Alsace, Belgium and Italy.

(c) With reference to Minutes 55 and 66 the Financial Delegates reported that the Finance Section had considered the points raised by the French Delegates but that no action was necessary in view of the proposals put forward by the Blockade Section regarding the removal of restrictions on imports to and exports from the occupied Rhine territories (See Clause (a) (vii)).

Agreed.

(d) With reference to Minute 93 the following documents were submitted and approved:—

(i) A Memorandum on the present status of the Commissions set up under the Armistice with Germany and their Relations to the Supreme Economic Council (107).

(ii) A Note on the establishment of a German Commission at or near Paris to facilitate the conduct of current Economic Negotiations (108).

It was reported that these documents had also been approved by the Council of Ten.³

Appendix 88

[*Memorandum Submitted to the Raw Materials Section Regarding the] Coal Situation in Europe*

France.⁴

French production and imports from Great Britain continue to be not less than the corresponding quantities during the war, and the

* The documents were approved by the Council of Foreign Ministers on April 21, 1919; see FM-7, minutes 2 and 3, vol. iv, pp. 599-600.

⁴The French delegates disagreed with this paragraph (see minute 102).

main problem is that of meeting the prospective increase in French consumption, for which France desires provision to be made by way of compulsory supplies from Germany. This is at present the subject of consideration in connection with the Reparation Provisions of the Treaty of Peace.

Italy.

The Italian problem is more urgent, as owing to the shortage of shipping she has been unable to transport the quantities of coal which Great Britain was prepared to place at her disposal.

In the note dated the 21st March, submitted by the Italian Delegation to the Supreme Economic Council, it is stated that shipments of coal to Italy from the United Kingdom will not, under the most favourable circumstances, exceed 350,000 tons in March. This probably refers to arrivals at Italian ports, but, taking actual despatches from British ports, the tonnage for March was about 550,000 tons. This quantity of 550,000 tons is still a quarter of a million tons less than the minimum quantity which Italy requires from Great Britain, and which Great Britain is prepared to supply. But it is observed that the Shipping Section has already recommended that the British Ministry of Shipping should increase to the utmost the quantity of tonnage available for shipments of coal from the United Kingdom to Italy. There is a further recommendation that the American representatives should ascertain as soon as possible what amount of American tonnage could, if necessary, be allocated to the shipping of coal to Italy. This may have arisen in connection with the proposal for the shipment of American coal in view of the unsettled state of labour conditions in the British coalfields, but it should be pointed out that now that conditions are more settled it is desirable, in the interests of economy of tonnage, that all tonnage of whatever flag allocated for the transport of coal to Italy should load at ports in the United Kingdom.

It may be added that Italy is also putting forward a claim for an option on German coal to meet prospective increases in her consumption and to replenish her stocks.

Belgium.

Belgium's pre-war production of coal was about twenty-two million tons per annum, and her consumption about twenty-six million tons, there being a considerable import from Germany. Her production is, at the present time, reduced by about one quarter, but her consumption has also been greatly reduced owing to devastation, and she has certain quantities of coal available for export to France and Switzerland. She is obtaining a small quantity of coal from the United Kingdom for consumption in the western districts, transport to which from her own coalfields is interrupted, and her needs at the present time are being fully met.

Western Europe (except France, Italy & Belgium).

The situation in Western Europe and the Mediterranean hardly requires attention, as these districts will rely on supplies of British Coal, the expanding output of which will, it is estimated, suffice to meet their essential needs.

Germany.

(a) Occupied Area:

The situation in the occupied area is fairly satisfactory. Both the British and the French areas are dependent on certain supplies from the right bank of the Rhine. In the case of the British area, 360,000 tons monthly are being supplied for use of the left bank and in the Bridge Heads, and this, with the production on the left bank—chiefly Brown Coal—has sufficed recently to provide for transport, public services, domestic coal rations, and 70% of the industrial requirements.

In the case of the French area, the chief supply required from the right bank is in the way of coke from the Ruhr District for Blast Furnaces in Lorraine. This is provided for in an article in the Luxembourg Protocol of the 25th December, which requires a daily supply of 13,700 tons of coke for the Furnaces in Lorraine and the East of France. As a matter of fact the Germans are only sending about 7,000 tons daily, and complain that their inability to meet the full obligation is due to the fact that the French are not carrying out promises made by them in an Annex to the Protocol which they agreed to sign in consideration of the Germans consenting to sign the Protocol.

These promises related to coal to be supplied by France from the Saar District in French occupation to the right bank of the Rhine (chiefly for gas-making purposes), and to iron ore, which is essential for the continued working of the Iron Works in the Ruhr District.

(This subject was referred to in a memorandum submitted for the consideration of the Supreme Economic Council on the 9th April.⁶)

(b) Unoccupied Area:

Unoccupied Germany is chiefly of interest as a possible source of supplies for Allied requirements. At the present moment the Ruhr District, the output of which is reduced from the normal figure of about 400,000 tons per day to about 240,000 tons per day, could provide nothing for export in addition to the quantities which are being supplied under the Luxembourg Protocol. The chief trouble is lack of food; but it is understood that a certain amount of food, provided

⁶ See appendix 68, p. 135.

by the Allies, has now begun to arrive in Germany. The Germans have agreed that this food shall be supplied in the first place to the mining districts, and in these Districts to the following Workers in order of priority:

- (a) Underground Workers in Mines.
- {b) Surface " " "
- (c) Industrial Workers in Mining Districts.

The Germans recently asked for a supply of certain materials for the purpose of increasing their coal output and exportable surplus, and the Supreme War Council has agreed that these shall be sold to them, and paid for, if necessary, out of the funds available for payment for food.

The other great Coal producing centre in Germany is Silesia, the pre-war production of which was 44 million tons per annum in Upper Silesia and 6 million tons per annum in Lower Silesia. Until quite recently the output in these Districts was reduced to 25% of the normal figure, largely owing to disputes between the Polish and Czecho-Slovak workers. Normally about 25% of the output of the Silesian fields was exported to Austria-Hungary.

It is understood that the political differences between the Poles and Czecho-Slovaks are not now so acute, and that production has increased somewhat since the 1st April. It will, however, doubtless continue to be restricted, as in the case of Ruhr, so long as the Food problem remains acute, and in this connection the distribution of food obtained from the Allies by the German Government between the purely German Coalfields, and the Silesian Field—in which about 40-45% of the workers are Poles—may require scrutiny.

It is difficult to estimate to what extent it will be possible to secure supplies from the German Silesian Field for export to the East and South, i. e., Poland, Czecho-Slovakia and Austria, throughout which Districts a great and general shortage of coal exists. It would further appear that one of the greatest difficulties will be means of transport, which, as indicated in the next section, are deficient and disorganised throughout the whole of these Districts. A suggestion is made below on this subject.

Poland & Czecho-Slovakia.

These Districts contain practically the whole of the Austrian supplies of hard coal, i. e., 96% of the 1913 production of 16½ million tons. The present production is only 50-60% of the pre-war figures, and the main difficulty here is dis-organization and deficiency of railway transport facilities. The British Food Commissioner at Trieste suggests that the only remedy is Allied control of the Mines and Railways. If rolling stock is to be supplied from the West, it is

clear that this justifies and necessitates inter-Allied control. The best hope of ameliorating the position seems to lie in the establishment of some such form of control, if workable from the nationality point of view, working from, perhaps, Trieste, as a centre (where it could survey the distribution of imported coal), and having local controls operating from centres conveniently near to each of the main Coal-fields, e. g.:

Coalfeld	Pre-War Production	Centre
Bohemia (Czecho-Slovakia)	4, 000, 000	Prague
Moravia (" ")	2, 000, 000	Brunn
Silesia (Polish)	7, 500, 000	(?) Bendzin
Galicia	2, 000, 000	(?) Cracow

Estonia & Lithuania.

Application has been made by these countries for British coal through Baltic ports. This is the natural method of supply.

Appendix 89

[Resolution From the Raw Materials Section Regarding the Coal Situation in Europe]

At the 6th meeting of the Section (April 16, 1919) the following resolution was adopted relative to item 3 of Agenda "Report on the Coal Situation in Europe."

Resolution :—

That the Report on the Coal situation in Europe be referred:

(a) As regards the occupied area of Germany, to the French Ministry of Industrial Reconstruction to enquire into the statements made by the German representatives as to the reasons for their failure to execute the Luxembourg Protocol of 25th December 1918, and to report to this Section at its next meeting.

(b) As regards the Ruhr and the Silesian mines, to the Food Section with a recommendation that the distribution of food by the German Government to the miners should receive special attention, with the request that they inform this Section and M. Loucheur as Chairman of the Coal committee as to action taken.

(c) As regards the mines of Poland and Czecho-Slovakia, to the Director General of Supplies and Relief and to the Communications Section with a recommendation that the scheme of extended control by the Allies over the railways and mines be favorably considered.

(d) To the Supreme Economic Council for consideration generally, and with the special suggestion that the attention of the Supreme War Council be drawn to the importance, from the point of view of

the coal supply of Eastern Europe, of obtaining an early political settlement in Silesia.

That the Secretariat communicate this action to the Supreme Economic Council.

Appendix 90

Memorandum by the British Ministry of Shipping on Italian Coal Supply

1. The Italian Government find the present position of the Italian coal supply to be so serious that they fear internal disturbances in their country which may well prove extremely embarrassing to the general cause of the Associated Governments. The British Government, recognising the gravity of the position, has taken every possible step to meet the immediate needs of Italy, and if their action were supplemented by the resumption at once of the railing of French coal to Italy at about the rate of despatch prevailing at the Armistice, Italy's difficulties would be met. The British Government very much regret to learn, however, that the French Government has refused to supplement the Italian supply and to meet the balance of that country's needs in the only possible manner, viz.: by the railing of French coal to Italy.

2. A brief survey of the Italian Coal Supply during the last twelve months shows that it was the first subject of discussion at the First Session of the Allied Maritime Transport Council in March 1918, when it was unanimously agreed that a supply of 600,000 tons of Coal a month to Italy was the absolute minimum necessary to meet her requirements. It was further arranged that this supply should be furnished as follows:

150,000 tons a month of British coal by long sea route to Italy.

100,000 tons a month of British coal to be shipped to Blaye and to be railed thence to Italy.

350,000 tons a month of French coal to be railed from French Southern mines to Italy, or to Marseilles or other French port, for short sea shipment.

The French coal was to be replaced in France by British coal shipped from the United Kingdom.

3. During the eight months from mid-March 1918 to the date of the Armistice in November 1918, the average monthly quantity of coal sent to Italy was approximately 595,000 tons, of which France supplied 210,000 tons and Great Britain 385,000 tons.

4. It was only by the greatest sacrifices, and often by gravely imperilling essential services, that Great Britain was able during these

eight months to provide Italy with 150 per cent. of the British coal, which was arranged for under the agreement of March 1918, viz.: 385,000 tons a month as against 250,000 tons, and thus to secure to Italy her agreed essential minimum.

5. Since the Armistice, the supply of French coal, which at that date was being sent at the rate of 150,000 tons a month, has gradually diminished, and by the end of January 1919 had practically ceased.

6. In the three months mid-November 1918–mid-February 1919, Great Britain sent coal to Italy at rate of 468,000 tons a month, while the supply of French coal averaged 36,000 tons, Italy's coal supply during this period being thus at the rate of 504,000 tons monthly.

7. During the period of six weeks to end of March 1919, 516,000 tons of coal were shipped from the United Kingdom, while the supply of French coal amounted to 24,000 tons. Italy thus received 540,000 tons, or 360,000 tons short of the approved minimum requirement, i. e., 900,000 tons for the present.

8. The shipments of British coal during this period, and, indeed, during the greater part of the previous three months, were only effected with the greatest difficulty. Labour troubles at the ports immobilised a vast amount of shipping under repair, and strikes of varying lengths, at many of the coal mines, coupled with the threat of a general coal strike, interfered to a serious extent with the coal shipments, that the British Government did all that was humanly possible in the circumstances, as indicated by the level to which the shipments were brought in spite of the many grave hindrances. Had the supply of French coal not ceased, Italy's minimum supply of 600,000 tons a month over the 4½ months would have been secured.

9. During present month of April, 730,000 tons of shipping have been allocated to load coal to Italy. It is feared, however, that the Easter Holidays (which will doubtless be lengthened by the receipt of the miners of back pay under the Sankey award) will prevent a considerable amount of the tonnage actually loading in the month. Every possible diversion to this, however, is being made and every priority is being given to Italian coal.

10. Great Britain can do no more, and in any case additional shipments from the United Kingdom cannot reach Italy in time to cope with the immediate requirements for the internal transport and distribution of food in that country, for which there are no available stocks in consequence of the shortage in supply since the Armistice.

11. This urgent need can only be met in one way, i. e., by railing coal from France, and in the interests of everybody, France should arrange for this to be commenced forthwith.

Appendix 91

Recommendation From the Mixed Sub-Commission on Currency Questions To Be Transmitted to the Supreme Economic Council

WHEREAS the Austro-Hungarian Bank, after the dissolution of the Dual Monarchy on 30th October, 1918, has, contrary to all right and precedent, continued to print and issue notes similar to those previously in circulation in Austria-Hungary;

AND WHEREAS, the issue of such notes is now, for the first time on record, effected not only in Vienna but in Budapest;

AND WHEREAS, by reason of the above, the circulation, which on 31st October, 1918, had attained the figure of 30 milliard crowns, had increased to over 35 milliard crowns at the end of 1918, to 37½ milliard by the end of February 1919, and will shortly attain 40 milliards;

AND WHEREAS these notes are liable to come into circulation in territories emancipated from the former Austro-Hungarian Monarchy, thus indirectly increasing the liabilities of the interested States;

THE MIXED SUB-COMMISSION THEREFORE RECOMMENDS:—

That the Supreme Allied Economic Council should without delay adopt all measures which would:—

(1) authorize the seizure of the plates used for printing these notes issued by the Austro-Hungarian Bank, and of all the issues put into circulation to date;

(2) prohibit the Austro-Hungarian Bank from printing and circulating notes bearing the stamp of any former issue.

(3) allow of confiscation (for stamping or destroying[]) of all notes printed from former plates and not yet in circulation which may be held by the Austro-Hungarian Bank in Vienna, Budapest and other branches, and in the German-Austrian or Hungarian Treasuries;

(4) permit the formation of a controlling Inter-Allied Commission at which the nations concerned should be represented, which would ensure the carrying out of the measures provided for in the preceding paragraphs, being:

(a) the stamping of all or part of the notes printed from old plates, and not yet in circulation;

(b) the printing of new bank-notes peculiar to German Austria and Hungary.

Appendix 92

Recommendation from the Mixed Sub-Commission for Currency Questions for Transmission to the Supreme Economic Council

1. WHEREAS the Germans, during their occupation of Roumania, issued paper money to a value exceeding 2¼ milliards, on the form of notes of the Banca Generala Romana;

AND WHEREAS furthermore, according to their ledgers a reserve of such printed notes to the value of 111 millions was held in Berlin;

AND WHEREAS the bad technical conditions under which this issue was effected, and the insufficient control thereof, have facilitated to a large degree the circulation of spurious notes by individuals;

AND WHEREAS detailed information has been received from the Roumanian Government to the effect that even now the Germans are introducing in neutral markets bank-notes of the type issued by the Banca Generala Romana and intended to make their way back to Roumania, which will constitute a grave danger to that country, particularly as the enemy holds the plates in Berlin and can use them at pleasure, the continuance of these proceedings by Germany after the Armistice amounting in effect to an issue of spurious coin, against which unparalleled abuse the Roumanian Government protests energetically;

THE MIXED SUB-COMMISSION RECOMMENDS:—

That the Supreme Economic Council should undertake with the utmost speed all measures necessary for the purpose of seizing in enemy countries all designs, photographic negatives, dies and plates used for the printing of notes issued in Roumania through the intermediary of the Banca Generala Romana, also all designs, dies and stamps used for the minting of metal currency corresponding to the above-named paper currency, together with all stocks of such bank-notes and metal currency discovered within enemy territory.

FOR THE SAME REASONS, THE SUB-COMMISSION RECOMMENDS:—

That the Supreme Economic Council should undertake with the utmost speed all measures for the purpose of seizing in enemy countries all designs, photographic negatives, dies and plates used for the printing of Polish Marks and Ober-Ost roubles issued by special Loan Banks created by the enemy for the purpose, and all designs, dies and stamps used for the minting of the metal currency corresponding to the above-named paper currency, together with all stocks of such bank-notes and of metal currency which shall be discovered within enemy territory.

2. AND WHEREAS the enemy Governments established in the Italian territories temporarily occupied by them, an institution known as the Casa Venetia dei Prestiti, which issued bank-notes for forced circulation within the said territories;

AND in view of the unanimous recommendations as to confiscation of plates used for the issue of notes of types formerly issued by the Austro-Hungarian Bank, and of those of the Banca Generala Romana, and seizure of such of the said notes as are not yet in circulation;

AND WHEREAS this recommendation referred to the dispatch, to Vienna and Budapest, of an Inter-Allied Commission for the purpose of ensuring the execution thereof;

THE MIXED SUB-COMMISSION CONSIDERS:—

That, if such a commission is constituted, it would also be desirable to authorize it to seize all notes in enemy countries not yet circulated and to confiscate all designs, negatives, dies and stamps used for the printing of notes by the Casa Venetia dei Prestiti.

Appendix 93⁷*Minute From the Finance Section Regarding German Credits Maturing in Neutral Countries*

It was decided to permit the payment, either in gold or in securities, of the accruing interest on German credits maturing in neutral countries provided that in consideration of such payment the credits are renewed. This will be a matter for arrangement with the neutrals at the next meeting with them.

It was agreed to inform the Supreme Economic Council of this decision, and to call the attention of the Council to the fact that the Finance Section have in this and similar questions been acting on the assumption that they have authority to make and carry out such decisions without further reference to higher authority. In view of the fact that these decisions may imply a relaxation of the general terms of the Armistice conditions (e. g., the general prohibition against the export of gold and securities from Germany) the Finance Section request that their authority to take effective action may be confirmed.

Appendix 94

Minute From the Shipping Section With Reference to the Management of Enemy Ships—Requests From Greece

(1) The Greek Delegation have made a formal application to the General Secretariat of the Peace Conference that a proportion of enemy ships should be placed under Greek flag and management, remaining under the control of the Allied Council in so far as employment is concerned.

The Greek Delegates made it clear that this request is independent of the request that they have made with regard to the permanent allocation of enemy ships to Greece in reparation for Greek ships sunk.

A similar request has been received from the Belgian Government.

It is suggested that both Delegations should be informed that the present division of management of enemy ships is based upon conven-

⁷ Appendix 93 is filed separately under Paris Peace Conf. 180.0501/34.

ience, and that it will not affect in any way the ultimate distribution of the vessels. The Associated Governments are bound to employ the vessels, in so far as they are not needed for the supply of food to Germany, in the general relief problem [*programme*], and there would therefore be no advantage and considerable inconvenience in multiplying the number of nations upon whom the duty of running enemy tonnage in general Allied interest is imposed.

Appendix 95^s

Telegram From the German Government Regarding Relaxation of Restrictions on German Fishing Trade in the Kattegat and Skager-Rak

General Hammerstein to General Nudant

SPA, April 11, 1919.

Concerning the opening of Skager-Rak and Kattegat for fishing requested in note 14652 Mar of the 21st March.

In our 14652 Mar of the 21st March, a request was made for the freedom of fishing in the North Sea, as well as the opening of Skager-Rak and Kattegat, upon the basis of the negotiations in Brussels, and with a detailed statement of the reasons.

By a radio message from the Permanent Allied Naval Armistice Commission of the 3rd April, the district of the North Sea was released, and at the same time it was stated that fishing in Kattegat and Skager-Rak could not be allowed.

The district release does not allow the fishermen to use the "neutral passage." Therefore the possibility of arriving at the district opened up to them by a way that is more or less free from mines is taken away from them.

The release of Skager-Rak and Kattegat is, aside from their richness in fish, especially important, because the fishermen can then land their catch in North Sea or Baltic Sea harbours, according to their circuit.

The purpose alleged by the Associated Powers in Brussels and maintained by Germany for the extension of the fishing district is in effect a real alleviation in food conditions in Germany.

This will not be possible from the district released for fishing up to the present on account of the reasons above stated.

We therefore again request the release of the district asked for in No. 14652 Mar of the 21st March.

VON HAMMERSTEIN

^s Appendix 95 is filed separately under Paris Peace Conf. 180.0501/34.

Appendix 96^a*Telegram Received by the Director-General of Relief Regarding the Shipment of Relief Supplies to Czechoslovakia Via the Elbe*

AMERICAN MISSION, PARIS, April 19, 5:40 p.m.

For Hoover. Hamburg, dated April 19, 1919. Received April 19, 11:30 p.m. Referring telegram the 22nd March, Allied authorities place limitation of 8,000 tons Tcheco-Slovak shipment on Elbe at one time. After mature consideration of the situation I am convinced that there is more danger in keeping the shipments stored in the warehouses in Hamburg than there is in having them en route in barges down the Elbe. The time of passage from Hamburg to Sphandan is approximately twelve days. The representatives of the Tcheco-Slovak Government agree with me in this opinion. I recommend that the restrictions in regard to the tonnage on the Elbe be reconsidered and that authority be granted to expedite shipments as rapidly as they arrive at Hamburg.

LEAHY

Appendix 97

Extracts from Minutes of Fifteenth Meeting of the Communications Section Held April 16th, 1919, [Regarding the Cession of Armistice Locomotives to Countries in Central and Eastern Europe]

9. (a) Lt. Col. Lefort made the following statement in reply to the question put in para. 3 (d) of the minutes of the 14th Meeting:—

Marshal Foch is responsible for the Armistice locomotives to the Powers concerned on the Franco-Belgian front. He cannot therefore give these locomotives to other Powers. If the Allied Powers are of the opinion that 500 locomotives can be spared from the Franco-Belgian front, he is willing to authorize their cession, but it must be understood that it is in the nature of a positive or temporary cession, to count in the settlement of the final accounts, either in material or by any other means.

(b) Gen. Gassouin, as head of D. G. T. M., stated that these locomotives were available provided that he should be allowed to draw 200 from the "Armistice" locomotives turned over to the Americans.

(c) It was decided that the Communications Section should request the Supreme Economic Council to pass a resolution setting out the form of obligation to be executed by the countries to which rolling stock is ceded.

^a Appendix 96 is filed separately under Paris Peace Conf. 180.0501/34.

Appendix 98

Note [From the British Delegate] for Submission to the Supreme Economic Council [Regarding] German Exports of Articles on the Pre-emption List

1. I venture to call the attention of the Council to the impossible position which exists as regards the practical administration of the blockade, owing to the uncertainty which still prevails as to the true intent of the provisions regarding the Pre-emption List of German exports.

2. As regards exports from Germany by land to contiguous neutrals (Denmark, Holland & Switzerland) the position is comparatively clear. The telegram to the Germans of 24th March¹⁰ states that (clause 2) :—

“The above prohibitions (of export) shall not be understood to interfere with such existing privileges as Germany may have to export over her land frontiers.”

The Council has in its minute of 9th April further interpreted the provisions of the Telegram as follows:—¹¹

Assuming, therefore, that at the beginning of May the Germans find themselves with, e. g., an estimated production during the month of 90,000 tons of coal surplus to their domestic requirements, they are entitled under the above decisions to export the whole 90,000 tons to Denmark, Holland & Switzerland without offering any to the Associated Governments.

3. Assume, however, that the Germans are only able to arrange for Denmark, Holland, and Switzerland to take up 60,000 tons out of these 90,000, but that Norway and Sweden are prepared to take up the balance of 30,000 tons. The Germans are bound, in accordance with the telegram of 24th March, to declare to the Associated Governments an exportable surplus of 30,000 tons, and to offer to the Governments 20,000 tons thereof for reply within 4 days. It is provided (see telegram of 24th March as interpreted by minute of 9th meeting of S. E. C.) that the offer is to be made at an equitable price fixed by the Associated Governments. No such price has yet been intimated to the Germans.

4. In order that the necessary instructions may be sent to the Fleet, who have at present only been directed by the Council to stop exports of gold, silver, securities and war material, it is imperative that an early answer should be given to the following queries, which have been

¹⁰ See appendix 37, p. 89.

¹¹ See minute 78 (1) (a), p. 107.

formulated with reference to the hypothetical case above referred to. It is also, of course, essential that the Germans should have precise information as to what they may or may not do.

Query A. Until the Germans have declared the exportable surplus, are they free to export by sea, any, and, if so, how much of the 30,000 tons?

Query B. If the Associated Government fail to fix and intimate a price, are the Germans free to export by sea, any, and, if so, how much of the 30,000 tons?

Query C. If the Associated Governments fix and intimate a price, which the Germans fail to accept, are the latter still free to export by sea 10,000 tons?

Query D. If a price has been fixed, intimated, and accepted, and the Germans, declaring an exportable surplus of 30,000 tons, offer 20,000 tons to the Associated Governments, do they instantly become free, by the act of making the offer, to export 10,000 tons by sea, or, if not, at what subsequent point in the proceeding do they so become free?

Query E. Is it contemplated that the Germans are to report to the Associated Governments each outward cargo, as shipment is made, and that when the 10,000 tons has been reached further shipments of coal are to be prohibited for the rest of the month?

It has been ascertained from the Allied Naval Armistice Commission—

(a) That they have definitely forbidden the export of:—Gold, Silver, Securities and War Materials of all kinds.

(b) That as regards the other articles on the prohibited list they have referred the Germans to the telegram of March 24, now under consideration.

(c) That they have forbidden the export of coal and coke from Germany on account of the shortage of coal in Germany.

(d) A.N.A.C. state that they have not received the list of prohibited exports from Germany.

[W.M. MITCHELL THOMSON]

Appendix 99

Note for the Supreme Economic Council by the Sub-Committee on Germany on Export of Articles on Pre-emption List

In connection with Sir Wm. Mitchell Thomson's memorandum on this question,¹² the Sub-Committee on Germany, without expressing an opinion on the questions of policy involved, desire to recommend to the Supreme Economic Council the following answers to the queries contained in paragraph 5:—

¹² See Appendix 98.

(a) Until the Germans have declared the exportable surplus, are they free to export by sea, and, if so, how much of the 30,000 tons?

Answer.—The Germans are not free to export anything.

(b) If the Associated Governments fail to fix and intimate a price, are the Germans free to export by sea any, and, if so, how much of the 30,000 tons?

Answer.—If the Allied and Associated Governments fail to fix and intimate a price, the Germans are free to export any quantity.

(c) If the Associated Governments fix and intimate a price which the Germans fail to accept, are the latter still free to export by sea 10,000 tons?

Answer.—The telegram of the 10th April, 1919,¹³ bears the interpretation that in these circumstances nothing can be exported, and this has been declared to be the intention of the Supreme Economic Council.

(d) If the price has been fixed, intimated and accepted and the Germans, declaring an exportable surplus of 30,000 tons, offer 20,000 tons to the Associated Governments, do they instantly become free by the act of making an offer, to export 10,000 tons by sea, or if not, at what subsequent point in the proceedings do they so become free?

Answer.—Yes; so soon as definite contracts are made, unless there is reason to suppose that the Germans are not acting in good faith.

(e) Is it contemplated that the Germans are to report to the Associated Governments each outward cargo as shipment is made and that when the 10,000 tons has been reached, further shipments of coal are to be prohibited for the rest of the month?

Answer.—The answer is in the negative. The actual operation of the general agreement should be by adjustment over reasonable periods. It is clear that in any case it is desirable that the Germans should make export returns to the S. E. C.

In connection with (e) above, the Sub-Committee on Germany recommends to the Supreme Economic Council that it should be authorised to obtain from the Germans monthly trade returns, showing in particular production, exports, and imports of the more important commodities.

Appendix 100

Extracts From Minutes of Finance Section (9th Meeting 17th April, 1919) [Regarding German Exports of Articles on the Pre-emption List]

3. MEETING WITH THE GERMAN FINANCE COMMITTEE AT THE CHÂTEAU DE VILLETTÉ.

Mr. Lamont reported the results of this meeting and stated that the neutral financiers had been informed of what passed. He added that, at the request of the French Delegate, no answer had been given

¹³ See appendix 67, p. 134.

to the two questions put verbally by the Germans at the previous meeting and since considered by the Supreme Economic Council, viz.:-

- (i) Whether the Allies retain an option over two-thirds of Germany's exportable surplus after or before the deduction of the amounts normally exported over land frontiers to contiguous neutral countries.
- (ii) Whether the prices proposed by the Allies are to be considered as dictated prices or as subject to negotiation.

It was agreed to refer these questions once more to the Supreme Economic Council, as the French Delegate had been instructed to withhold his consent to the interpretation placed upon the telegram of the Supreme Economic Council by the other members of the Finance Section, viz.:-

- (i) That exports over land frontiers to contiguous neutrals are free absolutely;
 - (ii) That of the remaining exportable surplus one-third is free absolutely;
 - (iii) That the Allies retain an option on the other two-thirds and will dictate fair and equitable prices for what they choose to buy.
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Appendix 101

Memorandum [From Lord Moulton] on Purchase of Dyestuffs

The question of the purchase of German dyestuffs during the Armistice is very pressing. The position is somewhat complicated, and I have reason to think that the Delegates who have to decide upon the action which is to be taken almost immediately are not fully seized of the legal position of the matter, and therefore steps might be taken which would have serious and unforeseen consequences. I think, therefore, that it will not be out of place for me to review the matter in order to define the rights of the parties.

At the Brussels Conference, the Associated Delegates undertook that the list of articles whose export from Germany was to continue prohibited would be given as soon as possible to the German Government. In fulfilment of that promise, a despatch was sent by telegram to the German Government by the Supreme Economic Council on the 24th March which I shall refer to as "the *dépêche Foch*."¹⁴

So far as dyestuffs are concerned, it informed them that they were included in the prohibited list, but that the Allies were prepared to allow exceptions under certain conditions set out in the telegram.

¹⁴ See appendix 37, p. 89.

For the present purpose, it is only necessary to refer to the following of these conditions:—

- (i) The Allies shall have the right to purchase during the Armistice any dyestuffs which Germany might have available for export, but that this right should not be exercised to any extent greater than two-thirds of the total quantity available;
- (ii) The price was to be fair and equitable, which was interpreted by a further telegram to mean: Such as the Supreme Economic Council pronounced to be fair and equitable;
- (iii) Meetings of the Delegates were to be held at certain times and places, where lists of the amounts available for export were to be given by the German Government;
- (iv) The Allied Governments were to have four days after the receipt of the lists to declare how much they wished to purchase, and after that, the Germans were free to export the balance of the listed commodities.

It will be seen that in its nature this telegram was an offer to lift the prohibition otherwise applying to dyestuffs upon certain conditions. It did not alter the rights of the parties in any way unless these conditions were accepted by the German Government and the offer acted upon. So soon as this took place, the rights and liabilities of the parties became those set out in the telegram containing the offer.

The German Government replied to the *dépêche Foch* by a note dated the 2nd April; this is a plain rejection of the offer.

I am satisfied that the German Government has not in any way qualified that rejection, and no action has been taken under the *dépêche Foch* with regard to dyestuffs, so that its existence does not in any way affect the legal position of any of the parties.

Meanwhile, in the expectation of arrangements being made for the purchase by the Allied Governments of portions of the stocks of dyes held by the Germans, meetings had been organized between technical delegates acquainted with the dye trade, with a view to arranging details of the kinds and quantities of the dyes to be purchased. One such meeting took place at Mayence on the 25th March. The existence of the *dépêche Foch* was apparently known, but was not the subject of discussion between the Delegates, and they parted apparently with an understanding that the German Government should give lists of the dyes they were prepared to sell.

In fulfilment of this agreement lists were handed over on the 5th April with a covering letter. This letter stated that they were handed over by the eight German dye-making firms in pursuance of a request given at Mayence on the 25th March, and it set out the nature and quantity of the dyes that they were prepared to supply for exclusive use in Belgium, France, Great Britain and the United States, and the prices at which they would be so supplied.

The terms of the letter are carefully chosen and clearly set out that it is a voluntary offer to sell under the prices and conditions fixed by the sellers. It makes no further reference to the circumstances which led to its being made and in no way does it purport to be, or is it in effect, action under the *dépêche Foch*.

Nothing further has transpired, and the position of the parties therefore is that which I have described, namely, that the Allies have under their consideration an offer of voluntary sale by the Germans of certain dyes at certain prices and under certain conditions.

The following consequences arise:—

1. In no respect does this offer comply with the conditions set out in the *dépêche Foch*. The Delegates, therefore, must secure the permission of the Supreme Economic Council for the export from Germany of the dyes they wish to take under this offer, because no such permission has been granted by the *dépêche Foch*.

2. The offer being in all respects a voluntary one, it follows that it must be accepted at the prices and under the conditions set out in the offer. This does not mean that, if the Delegates desire to accept any portion of it, they are prevented from negotiating for obtaining that portion on more reasonable terms, or from bringing influence to bear on the German firms to modify the offer in this respect, but it rests with the German firms to decide whether they will, or will not, do so.

3. No action taken by the parties under this offer affects, or is affected by, the existence of the *dépêche Foch*, or the rights and obligations of any of the parties thereunder. But it is most important to make it clear that the Allies realize that the lists furnished by these eight firms are not lists furnished under, or in accordance with, the conditions set out in the *dépêche Foch*, otherwise it might lead to the contention that these lists amounted to such action, and if that could be established the purchase of even a single pound of the listed dye-stuffs would set free for export the whole of the listed stocks.

The consideration which dominates the action of the Delegates of the Allied Governments with regard to this offer must be the present necessities of certain of the Allied countries with regard to particular dyes. For instance, certain dyes are imperiously needed within a very few weeks by the textile trade in Alsace. From what I could learn, the amount thus required is not large, and therefore the effect of the unreasonable prices demanded would not represent a great sum of money. Moreover, the condition that the dyes must be used exclusively in the Allied countries ceases to be material, because the intention is to use them solely there.

I can see no reason, therefore, why this should not be treated in its proper legal character as a voluntary offer, giving to the Allies the power of purchasing at the named prices the dyes that are essential for their immediate needs, provided that the Supreme Economic Council consents to allow the export from Germany to the Allies of the amounts so selected on the terms demanded. But the views of the Supreme

Economic Council on this point should be ascertained before action is taken, and, seeing that the Delegates propose to meet on Saturday next to decide on the dyes which they will take, there is no time to lose.

Moulton

APRIL 17, 1919.

Appendix 102

The President of the German Finance Commission to the President of the Allied and Associated Finance Commission

[Translation]

Telegram No. 184

CHÂTEAU DE VILLETTÉ, 16 April, 1919.

According to a communication received from the German Government, the Allied & Associated Governments (through the permanent Allied Naval Commission) informed the German Government two and a half weeks ago, that certain relaxations were about to be permitted in sailings to the three Northern Neutrals and the Netherlands and in coastal traffic.¹⁵ The sailing of German ships under 1,600 tons gross was to be set free with the following limitations:—

The ships are only to carry foodstuffs or goods specified in an agreement of the Allied & Associated Governments with the Neutral Governments.

The German Government was also to notify to the permanent Allied Naval Commission from time to time which ships were selected for the commerce in question.

As it was not clear what goods were actually permitted to be transported in this manner by sea, the German Government entered into communication with the Permanent Allied Naval Armistice Commission and enquired what precise meaning was to be attached to the phrase "goods specified in an agreement of the Allied & Associated Governments with the Neutral Governments." The Permanent Allied Naval Armistice Commission referred in reply to the list of prohibited goods handed in to the German Government.

The German Government is even now not sure of having interpreted correctly the meaning of the Allied & Associated Governments. It is assumed that the intention is that foodstuffs and all such goods as are not included in the prohibited list should be permitted to be transported by sea.

It is urgently requested that a reply may be sent as soon as possible, either through the Finance Commission or through the Permanent

¹⁵ See minutes 56 and 72 (a) and appendix 57, pp. 84, 104, and 120.

Allied Naval Armistice Commission, in order that the German Government may be in a position to give correct information on the subject to interested parties and to the official Departments concerned.

MELCHIOR

Appendix 103

[Draft Resolutions Embodying] Proposal To Ration Germany in Raw Materials

The following draft resolutions were passed on April 19th, 1919, by the Committee on Sales appointed by the Raw Materials Section for consideration by Supreme Economic Council:—

1. That the import of raw materials into Germany is approved in principle, subject to the views of the Finance Section as to the financing of such imports.
2. That, in view of difficulties of shipment and of finance, such imports should in general be confined during the Armistice to monthly rations.
3. That all goods imported within these rations should be consigned to specified authorities to be named by the German Government.
4. That the Committee of Four to which the Raw Materials Section have referred the examination of such rations should be empowered to communicate with the Germans and to fix the rations forthwith, reporting to the Blockade Section as to the action taken.

Appendix 104

[Resolution From the Blockade Section Relative to the Reestablishment of Trade Relations With the Occupied German Territories]

The Blockade Section ask that the following resolution should be considered as a matter of urgency:

At a meeting of the Blockade Section held on the 19th April, a memorandum on the reestablishment of trade relations with the occupied German territories was considered.

The following resolution was adopted for submission to the Supreme Economic Council:

Resolved that after the day when the Preliminary Peace Treaty is presented to the German delegates, it should be announced that importations into the occupied Rhine territories (including of course Luxemburg) are free, with the exception of commodities specified on the prohibited list as set out in § 51 of the 11th meeting of this Council concerning the restoration of trade with Austria and, in the case of shipments from the Associated countries of commodities the exportation of which may be restricted by domestic regulation.

Further resolved that purely from a blockade point of view there is no reason for control over exports from the occupied Rhine territories, except in the case of exports to non-occupied Germany, which should still be subject to the control of the Interallied Committee of Luxembourg, and the Blockade Council refer this question to the Supreme Economic Council for consideration from all other points of view, with a view to determine as early as possible what measures, if any, are necessary for the control of exports from occupied Rhine territories.

M. Seydoux has reserved his assent to this action, in so far as the same relates to export from the occupied Rhine territories.

Appendix 105

Extracts From Minutes of Sixteenth Meeting of the Blockade Section Held on April 16

The Chairman read to the Council a Resolution, submitted by the American Delegation, with a view to establishing unlimited rations of all commodities for Northern Neutral Countries and Switzerland. After an extended discussion the Council adopted the following Resolutions:

"Resolved, That on and after April 25th, 1919, or such earlier date as may be approved by the Allied Blockade Committee, all commodities, other than finished munitions of war may be imported by the Northern Neutral Countries and Switzerland without limits as to quantity and without requiring the issuance of individual import certificates as a condition precedent to the issuance of Export licences by the Associated Governments.

"Provided, That all of the provisions of the existing agreements between the Associated Governments and the Governments of the above-mentioned neutral countries or Import Associations therein, which provisions are not contravened by the foregoing resolution, shall be continued in full force and effect except as the same may be expressly relaxed by the establishment of free lists or other measures adopted by the competent Associated Authorities.

"Further resolved, That all shipments to the above-mentioned Neutral Countries must be consigned to the respective Importing Associations in these countries in the case of shipments for members thereof, provided that the said bodies give the usual guarantees to the satisfaction of the respective I.A.T.C.'s against re-export to destinations not approved by said I.A.T.C.'s; in the event that any of said Import Associations shall be unwilling to receive the consignment of shipments intended for importers, not members of said bodies, the Associated Governments will permit shipments to be made for the account of such persons, provided the same are consigned to the I.A.T.C. in the country of destination, release to be made upon the execution by the actual purchaser, or ultimate consignee of satisfactory guarantees against re-export to unapproved destinations.

"Further resolved That all shipments to Germany from the above-mentioned Neutral Countries, except those authorized by the several

rationing agreements, shall be permitted only in the event that the same shall have been approved by the I.A.T.C. in the country from which shipment is proposed to be made. With respect to shipments to Germany which are authorized by any of said rationing agreements, the issuance of permits for said shipments shall be administered in the manner heretofore followed.

"Further resolved That the Associated Governments maintain as heretofore the principle of the blockade and reserve the right to reimpose any or all of the restrictions heretofore in effect should circumstances later warrant such action."

Appendix 106¹⁶

Draft Resolutions Submitted by the British Delegates Regarding the Derationing of Germany

- (i) "That the Council is of the opinion that all blockade restrictions on the importation of food into enemy countries should be removed and an announcement made to that effect."
 - (ii) "That the matter should be referred to the Blockade Section to take the necessary action and to draft the announcement which should be submitted to this Council and to the Council of Four before being published."
 - (iii) "That the Finance Section should consider what steps can be taken, in view of the above decision, to free German means of payment to enable her to benefit to the utmost by the above concession."
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Appendix 107

Memorandum by the Supreme Economic Council for the Council of Ten

The attached memorandum has been approved by the Supreme Economic Council, subject to approval by the Council of Ten of such questions as are not economic in their nature and are, therefore, outside the scope of the Supreme Economic Council.

The memorandum is, therefore, submitted to the Council of Ten, and they are asked in particular to give their approval to the following proposals :—

1. That an Inter-Allied Commission, consisting of four commissioners, one from each Ally concerned with the administration of the occupied territories, should, together with an Italian liaison officer, be set up with full authority to co-ordinate the administration of the four Army Commands on all economic, industrial and food questions, in accordance with the policy laid down from time to time by the Supreme Economic Council.

¹⁶ Appendix 106 is filed separately under Paris Peace Conf. 180.0501/14.

2. That orders should be issued under the authority of the Supreme War Council to the Army Commands in the various areas, that directions given by the Commission shall be uniformly executed throughout the whole area.

APRIL 15, 1919.

[Enclosure]

Memorandum on the Present Status of the Commissions Set Up Under the Armistice With Germany and Their Relations to the Supreme Economic Council

1. There exist various commissions and bodies set up directly or indirectly under the Armistice to handle relations with the Germans. Clearly, so long as the state of war continues, and perhaps for some time afterwards, these bodies must operate through and under the authority of the High Command, and they must look to the High Command for instructions and policy on all matters of a military nature, or concerned with the maintenance of public order.

2. But many of the affairs with which they deal affect directly the industrial and economic situation, or are merely questions of civil administration. It is clearly desirable that the policy followed by them should be closely co-related with the general policy which the Allies are pursuing with regard to Germany generally. For example, the policy adopted in carrying out the Armistice conditions as to the withdrawal of machinery stolen by the enemy from Northern France should be considered in its bearing on the problem of making Germany work for her living, which is one of the most serious which the Economic Council has now to face. It is similarly desirable that the provision of food and the control of food distribution in the occupied territories should be considered in its relation to the problem of food supplies and administration in the rest of Germany.

3. A list of the more important bodies and commissions now in existence is attached (see Appendix). It is possible that this list is not complete.

4. The Supreme Economic Council is not specially concerned with the Commissions supervising road, rail and water transport, save for special problems, e. g., transport of supplies across Germany, Poland and Austria. But the Communications Sections should be furnished with periodical reports by all such Commissions.

5. The other bodies fall into three groups:—

- (a) Those dealing with the actual execution of the Armistice and with communications concerning the Armistice.
- (b) Those concerned with the administration of the occupied territories.
- (c) Those set up directly under the responsibility of the Supreme Economic Council, and concerned with the whole of Germany.

THE INTERNATIONAL ARMISTICE COMMISSION

6. The International Armistice Commission at Spa fulfils a double function. It is a channel of communication with the Germans, performing in this respect the sort of duties which would in peace be performed by the Embassies at Berlin, and it also supervises the actual execution of provisions as to the return of machinery, securities, &c.

7. The Armistice Commission is responsible to Marshal Foch, who is charged with the execution of the Armistice. So far as economic questions arise in respect of the Armistice, they are referred by the Armistice Commission to the Supreme Economic Council. The Council of Ten decided some time ago that economic delegates should be attached to the staff of the Armistice Commission to deal with such questions. The arrival of German delegates at Château Villette will probably result in this being now unnecessary.

THE SUPREME ECONOMIC COUNCIL AND THE ADMINISTRATION OF THE OCCUPIED AREAS

8. The administration of the occupied territories inevitably presents difficulties, on account of the mingling of military and civil responsibilities. There can be no question that in matters of military importance the authority of the Army Command, acting under directions of the High Command, must be supreme. But many of the problems to be dealt with are of a civil, economic or industrial rather than of a military nature, and they must be considered in their bearing on the general problem of economic relations with Germany as a whole. Economic and civil questions should be treated by an Inter-Allied Civil Commission, whose powers should, as far as necessary, be authorised by the Council of Ten.

9. The importance of the occupied territories in restarting trade with Germany must not be overlooked. The sooner the practical difficulties and the inevitable prejudice which have blocked the resumption of ordinary trade relations with Germany are removed, the better it will be, not only for Germany, but for the whole world. Four months have elapsed and trade even with the occupied territories has not yet restarted. In the meantime, the paralysis of the whole commerce of the world—a by no means unimportant cause of the prevailing industrial unrest—gets more serious. The financial difficulties of trade with the occupied territories are less, and the prejudices against trading with them are less than with the rest of Germany. It is clearly, then, of great importance that every effort should be made to reopen trade with the occupied territories.

10. Whatever may be the decisions ultimately taken on the delicate political issues involved, it is not possible to deal with the adminis-

trative and the economic problems of the occupied territories as other than part of the whole German problem. Under the terms of the Armistice, the Germans claim in any case that the local administration should continue. It would, indeed, be impossible at present to administer the country through any other means. But, of course, the local civil administration is connected by many ties, formal and otherwise, with the Government at Berlin and with the administration of the rest of Germany.

11. The question of the economic relations between the occupied territories and the rest of Germany must obviously depend from time to time on decisions taken with regard to the political status of the left bank. It is clearly necessary, however, that problems of industry in the occupied area, as well as the problems of food control, should be considered with a close appreciation of their relations to the general problem of Germany and to the policy to be adopted by the Allies in respect of them.

12. The functions of the Inter-Allied Economic Committee of Luxembourg should be closely defined. At present it does not concern itself with food questions, but it is mainly occupied with regulating the trade in raw materials and manufactured products between the occupied territories and with the rest of Germany, with neutrals and the Allies.

13. The Supreme Economic Council has agreed to the formation of an Inter-Allied Military Committee independent of the Luxembourg organisation to deal with certain food problems in the occupied territories. Having regard to the military situation, this Committee is able to perform a valuable function in arranging for the transport of food supplies and securing the enforcement of regulations and orders.

14. But the food problem is so interlocked with the financial, the administrative and the industrial problems, with which the Luxembourg Committee to a greater or less extent already deals, that the co-ordination of food policy and administration should clearly be handled by the same persons as those who are responsible for the other economic problems.

Further, the whole elaborate machinery of maximum prices, controlled distribution through trade channels, and centralised buying and marketing set up during the war requires examination and perhaps modification by experts familiar with the difficult agricultural and economic problems involved.

15. At present the Luxembourg Committee has no direct relations with the Supreme Economic Council. M. Tirard, who has been appointed Controller-General by Marshal Foch, is responsible only to the High Command. The Committee does refer a certain number of questions to a Paris Committee set up by the Ministers of Block-

ade, but the relation of this Paris Committee to the Supreme Economic Council and the various sections of it has not been defined. It is clear that the Luxembourg Committee should, on all matters not of a military nature affecting the industry or economic life of the occupied provinces, receive its directions from the Supreme Economic Council.

APRIL 15, 1919.

Recommendations for Better Organisation To Deal With Economic Relations With Germany as Regards Both Occupied and Unoccupied Territories

Subject at all times to military necessity, the following recommendations are put forward:—

1. The full responsibility for taking all necessary executive action in accordance with any policy decided upon for the occupied areas will rest upon the Army Command in each area, who will, on civil and economic matters, follow the instructions of the Inter-Allied Commissioners referred to below.

2. The Army Commands will, so far as is considered necessary, be assisted by the best available expert advisers on the particular branches of administration or industry with which, as the ultimate executive authority in the occupied areas, they have to deal, e. g., finance, food, industry, fuel, labour, &c. These expert advisers will receive instructions direct from the Inter-Allied Commissioners.

3. An Inter-Allied Commission (hereinafter referred to as the Inter-Allied Rhineland Commission) will be formally constituted by the Council of Ten to co-ordinate the administration of the four Army Commands on all economic, industrial and food questions, in accordance with the policy laid down from time to time by the Supreme Economic Council. The decisions on economic matters of the Inter-Allied Rhineland Commission will have executive force, and will be observed by the Army Commands in the different zones.

The Inter-Allied Rhineland Commission will be responsible to the Supreme Economic Council and will report to it through the channel set out in paragraph 8, it being understood that matters of a military nature will be referred by it to the High Command to be dealt with.

Any matters of a political nature on which the Inter-Allied Rhineland Commission requires instructions will be referred by it to the Sub-Committee of the Supreme Economic Council in Paris (see recommendation 8) for transmission to the proper authorities concerned. Copies of any such reference will be at the same time furnished to the High Command.

It is recommended that the headquarters of the Inter-Allied Rhineland Commission should be at Cologne, but the Commission will itself settle this matter.

4. The Inter-Allied Rhineland Commission will be composed of four commissioners, one from each Ally, concerned with the administration of the occupied territories, who should be men of wide administrative and official experience. They will have to be trusted with wide discretionary powers. M. Tirard, the French Commissioner, will act as Chairman. In this capacity he will be responsible solely to the Supreme Economic Council.

The Italian Government will appoint a representative to act as liaison officer with the Inter-Allied Rhineland Commission.

5. For the present the Inter-Allied Military Food Committee will co-ordinate the transport of food supplies in the occupied territories and will attend to the uniform enforcement throughout the occupied territories of Food Control Orders and Regulations.

6. The administrative policy to be followed by the Inter-Allied Rhineland Commission in connection with economic, industrial or food matters will be laid down from time to time by the Supreme Economic Council. Questions of difficulty as they arise will be referred to the Sub-Committee on Germany (see recommendation 8) for decisions or for reference to the Supreme Economic Council.

7. In framing its policy the Supreme Economic Council, whilst paying proper attention to the special circumstances of the occupied territories, and to any political or other decisions of the Council of Ten, will endeavour to assure the necessary co-ordination in Inter-Allied policy as regards the occupied and unoccupied territories. The Supreme Economic Council will ascertain the views of the Council of Ten in respect of any matters involving political considerations.

8. With a view to expediting decisions on questions concerning occupied or unoccupied Germany, involving more than one section of the Supreme Economic Council, there will be constituted in Paris a Sub-Committee of the Supreme Economic Council (hereinafter referred to as the Sub-Committee on Germany) consisting of one delegate only of each Ally represented on the Supreme Economic Council. The duties of the Sub-Committee will be—

(a) To co-ordinate the work of the various commissions and sections of the Supreme Economic Council concerned with current economic negotiations and relations with Germany.

(b) To deal with references from the Inter-Allied Rhineland Commission to the Supreme Economic Council.

(c) To centralise all communications received from and sent to Germany in connection with (a) and (b) above.

(d) To decide questions which can be dealt with within the policies laid down by the Supreme Economic Council, or by its separate sections, or which are referred to it for settlement by the Council, or by the sections.

(e) To secure that any preliminary decisions or any action necessary before a definite policy can be formulated by the Council should

be taken with the least delay by the appropriate section or national department concerned, and to secure that all necessary steps are taken to bring into effect the decisions of the Supreme Economic Council.

(f) To centralise and render available all reports, statistics and memoranda bearing on economic relations with Germany.

9. The Belgian representative of the Supreme Economic Council will have the right to attend the meetings of the Sub-Committee on Germany.

10. With a view to securing continuous liaison between the Inter-Allied Rhineland Commission and the Sub-Committee on Germany, any commissioner or a representative of the Commission may at any time attend the meetings of the Sub-Committee and may take part in its deliberations when questions affecting the occupied territories are under discussion.

11. All questions involving economic matters relating to Germany arising in connection with the work of the Inter-Allied Armistice Commission and of the Allied Naval Armistice Commission will be submitted by these bodies to the Sub-Committee on Germany for appropriate action.

APPENDIX

List of Commissions, etc.

Name	Functions
Inter-Allied Permanent Armistice Commission (Spa).	General supervision of execution of Armistice conditions; formal communications with German Government.
Sub-Commission dealing with Clause 9 of Armistice (Entretien). Sub-Commission dealing with Clauses 2 and 4 of Trèves Financial Agreement.	Recovery from Germany of costs of maintaining troops in occupied areas. Restitution of stolen and sequestrated securities.
Sub-Commission dealing with Clause 6 of the January Armistice renewal (Wiesbaden).	Restitution of stolen French and Belgian industrial machinery.
Sub-Commission dealing with the handing over of Agricultural Machinery.	Receiving from Germany agricultural machinery instead of rolling-stock.
Commissions de Réception (Brussels and Metz).	Receiving from Germany rolling-stock and raw materials handed over under the Armistice.
Calais Railway Commission . . .	Control of Belgian railway system.
Field Railway Commission . . .	Control of Luxembourg and German Rhine-land railways.
Calais Navigable Waterways Commission.	Control of Belgian navigable waterways.
Field Navigation Commission . . .	Control of the Rhine, Moselle, and Sarre navigation.
Commission for Postal Control (Luxembourg).	Control of correspondence, telegraphs and telephones in occupied areas.
Commission Économique (Luxembourg).	Supervises distribution of raw materials to factories in the occupied area and output of goods, and regulates economic relations in occupied territories and the rest of Germany.

List of Commissions, etc.—Continued

Name	Functions
Paris Left Bank Committee . . .	To deal with blockade trade and other questions referred to it by the Army Command or by Luxembourg.
Shipping Commission (Rotterdam?): not yet appointed.	To provide channel of communication for settling practical details in handing over German ships.
Rotterdam Food Commission . . .	To settle the commercial and other details arising out of the sale of foodstuffs to Germany by the Allies.
Compiègne Finance Commission . .	To settle details of the financial arrangements between the Allies and Germany.

Appendix 108

Memorandum by the Supreme Economic Council for the Council of Ten

NOTE ON THE ESTABLISHMENT OF A GERMAN COMMISSION AT OR NEAR PARIS TO FACILITATE THE CONDUCT OF CURRENT ECONOMIC NEGOTIATIONS

With a view to facilitating, giving unity to, and expediting the current negotiations in Germany of the Associated and Allied Powers, in connection with the provision of foodstuffs to Germany, the Supreme Economic Council strongly recommends that the German Government shall be requested to send immediately to a place to be designated in the very near neighbourhood of Paris technical experts on food, shipping, finance, raw materials, trade, and communications.

These delegates should be entrusted by their Government with full power to decide on all questions arising out of the provision of foodstuffs to Germany and on immediate economic relations with Germany.

They should be provided with proper and sufficient means of communication with their Government and with all necessary facilities to enable business to be transacted conveniently and rapidly.

APRIL 15, 1919.

Supreme Economic Council: Special [Fourteenth] Meeting Held at the Ministry of Commerce [on 23d April, 1919, at 10 a. m.]

The Supreme Economic Council held its Fourteenth Meeting on Wednesday, 23rd April, 1919 at 10 a. m. under the Chairmanship of Lord Robert Cecil.

The Associated Governments were represented as follows:—

GREAT BRITAIN	Sir H. Llewellyn Smith. Sir Wm. Mitchell Thomson. Mr. E. F. Wise.
U. S. A.	Mr. Hoover. Mr. Robinson.
FRANCE.	M. Clémentel. M. Boret. M. Vilgrain. M. Celier.
ITALY.	Professor Attolico.
BELGIUM.	M. Jaspar.

114. Relations With Germany and Derationing of Northern Neutrals.

With reference to Minute 113 the Chairman urged upon the Council the necessity, in the economic interests of the European nations as a whole, of taking such steps as would publicly encourage and foster at the earliest possible date the resumption of normal trade conditions both in Germany and in the other European countries.

He suggested, therefore, that the Council should endeavour to agree upon certain proposals (109) for transmission to the Council of Four for their approval.

· The French Delegates speaking on behalf of their Government stated:—

(a) That, while fully realising the desirability of a speedy return to normal conditions, they were unable at the present time, in view of the proposed early presentation of the terms of the Preliminaries of Peace to the Germans at Versailles, to concur in any proposals which would result in a further relaxation of the Blockade restrictions on Germany.

(b) That they were in favour of an immediate public announcement setting forth what relaxations had already been authorised and what steps had been taken to supply Germany with or to assist her to obtain food. Further, if it were considered desirable as an emergency measure immediately to increase the rations or even to divert cargoes, the French Government would be prepared favourably to consider the proposal.

(c) The French Government was fully prepared immediately to consider in the Council what additional relaxation of trade restrictions should be authorised as soon as the Preliminaries of Peace were signed, and what means should be adopted to effect the restoration of normal trade conditions all over the world.

The American delegates observed that a statement of their present view would be simply a reiteration of the position taken by them as early as December 1918, namely that it was from a political and an economic standpoint against the interests of the Allies to continue the blockade on Germany, a view which in their opinion has been amply warranted by subsequent developments. It was their view then and now that the blockade, in preventing the population of Germany from returning to productivity and employment, could only stimulate social disorder and undermine the possibilities of Peace. That from an economic point of view the only hope of reparation to the Allies and of the ability of Germany to feed her population, thereby maintaining order, was by the earliest possible return to productive labour; that with the surrender of the German fleet and the control of the Rhine, the blockade on Germany could be resumed at any moment as a physical blockade, without maintaining the vast machinery that was necessary while Germany was still a potent military power; that the political value of the blockade as a measure for enforcing peace would be materially increased if the German people returned to employment and substantially increased their present standard of living; that this was evidenced by the Austrian situation whereby order was maintained by threat of cessation of the thin stream of food which kept the population alive. The only hope for the reconstruction of Germany, her return to productivity and orderly government, or her ability to pay reparation lies with the Middle Classes who are totally discouraged and who show a tendency to despair and complete inactivity by reason of which the whole possibilities of peace are jeopardised. The extension of unemployment in Germany since the Armistice and the acute food situation both build constructively for Bolshevism, and with bolshevism there could be no peace in Europe. The American Delegates wished to emphasise the fact that they would not be a party to any proposal which would damage the interest of France, but they felt that in adopting the principle which they had adhered to that they were doing France the best service of which their Government was capable.

Replying to the suggestions of the French delegates, they felt that a review of what had been accomplished under the relaxation of the blockade would make but a meagre showing due to the amount of mechanical restriction that had been placed around every effort at relaxation; that it was impossible for credit and trade to revive so long as these restrictions existed; that the total result was to draw

a stream of gold out of Germany. They further stated that it was the view of the Government of the United States that there was no question of blockade measures after peace, as with peace the blockade falls.

The French Delegates pointed out that ever since the Armistice their Government held the view that Germany should be fed and that the execution of a revictualling programme should be a common charge on the Inter-Allied organisations already existing at the time of the Armistice which would secure fair distribution as between the allies and Germany, the necessary finance being supplied by Joint Allied loans. This proposal could not be carried into effect as the United States Government were unable to concur therein; it appears to the French Delegates therefore that the delays in the execution of a programme have been due to financial difficulties rather than to blockade restrictions.

Further, in the two instances where Germany has had materials for export, namely, coal and dyestuffs, she has evinced no desire to carry the negotiations to a successful conclusion.

The American Delegates remarked there was a total diversion of view as to principle. They had held from the beginning that the only basis of food supplies should be the exchange of products, and that the employment involved in their production was of equal importance politically and economically with the supply itself; that from the American point of view the French financial proposals meant only a further increase in the burden of credit already assumed by the United States, as the cycle suggested by the French Delegates simply involved further extension of credits by the United States to Europe; that in this connection they had recently prepared an estimate showing that during the present harvest year the United States will have supplied Europe with foodstuffs to the value of two-and-one-half billion dollars, for which it will have received in payment only four hundred million dollars in goods or securities; that there was an absolute limit to amount that can be drawn from any bank.

The Italian Delegate said that having regard to the economic side of the question he concurred in the Chairman's proposition. The lifting of the Blockade was also essential in order to show that after that something more in the way of financial arrangements was necessary in order to restore normal life and that it was in the general interest that this should be realised immediately.

The American, Italian and British Delegates then considered in detail the proposals put forward by the Chairman, the French Delegates taking no part in the discussion.

The recommendations finally agreed upon by the American, Italian and British Delegates for submission to the Council of Four were as follows:—

THE DELEGATIONS OF AMERICA, ITALY, AND GREAT BRITAIN, as far as their functions extend, being of the opinion that:—

(a) In view of the exceedingly critical economic conditions of Europe it is of urgent importance to re-establish as soon as possible normal commercial conditions in European countries and;

(b) Though much has been done to relax Blockade restrictions in Europe, there still remain considerable obstacles to the free course of trade particularly with respect to Germany and the countries bordering thereon:—

THEY RECOMMEND that:—

(1) All remaining regulations restricting free commerce with the Scandinavian countries, Holland and Switzerland be suspended including:—

Action already taken. } (a) The Black list.
 } (b) the rationing of imports into these countries.
 } (c) the guarantees against re-export.

NOTE: (In making this recommendation the Council is greatly influenced by the facts that the maintenance of any conditions such as guarantees however simplified will seriously hamper trade and that in present financial conditions it is highly improbable that Germany will be able to import any considerable quantity of goods.)

(2) All restrictions on imports from Neutrals into Germany and on exports from Germany other than gold, silver, securities and materials of war should be also suspended, with the reservation that the Germans shall hold 50% of their existing stocks of dyestuffs for purchase by the Allies at prices not exceeding twice those current before the war.

(3) Each of the Allied and Associated Governments will determine for itself the extent to which it will permit its subjects to enter into trading relations with enemy subjects.

(4) These relaxations are temporary in character and will be withdrawn if the German Government takes up a hostile attitude to the Allied and Associated Governments or is succeeded by a Government which does not in the opinion of the Allied and Associated Governments afford the necessary guarantees of order and stability.

(5) The terms of these resolutions and recommendations should be published.

115. Resumption of Trade With Occupied German Territories.

Resolutions from the Blockade Section (110) regarding the removal of restrictions on exports from and imports to the Occupied Rhine Territories after the signing of the Preliminaries of Peace were considered and deferred for further consideration, if necessary, on receipt of a report from the Inter-Allied Rhineland Commission recently formed.

116. Transport by the Danube.

The American Delegates referred to a statement (111) received from their Representative regarding the existing military control of

the Danube traffic and to recommendations made for the relaxation of that control.

It was agreed:—

(a) That, judging from the information before them, the Council is of the opinion that all traffic on the Danube except in the case of certain prohibited articles should be free.

(b) That the Communications Section should be notified of the above decision and requested to prepare for submission to the Council at its next meeting a scheme for carrying it into effect.

Appendix 109¹

Draft Resolutions Submitted by the British Delegates Regarding Relations With Germany and the Deratioring of Northern Neutrals

The Council being of opinion that—

(a) In view of the exceedingly critical economic condition of Europe it is of urgent importance to re-establish as soon as possible normal commercial conditions in European countries; and

(b) Though much has been done to relax blockade restrictions in Europe, there still remain considerable obstacles to the free course of trade, particularly with respect to Germany and the countries bordering thereon,

It recommends that—

1. All remaining regulations restricting free commerce with the Scandinavian countries, Holland, and Switzerland be suspended, including—

(a) The black lists.

(b) The rationing of imports into these countries.

(c) The guarantees against re-export.

(In making this recommendation, the Council is greatly influenced by the facts that the maintenance of any condition, such as guarantees however simplified, will seriously hamper trade, and that in present financial conditions it is highly improbable that Germany will be able to import any considerable quantities of goods.)

2. All restrictions on export from Germany should be also suspended. At the same time the German Government should be informed that the Allied and Associated Governments will not recognise any transactions other than genuine commercial transactions for immediate consumption, and reserve the right to require the revision of any others.

3. The Allied and Associated Governments are prepared to enter on negotiations for dealing with such stocks as the German Government may have to dispose of immediately.

¹ Appendix 109 is filed separately under Paris Peace Conf. 180.0501/34.

4. Each of the Allied and Associated Governments will determine for itself the extent to which it will permit its subjects to enter into trading relations with enemy subjects.

5. These relaxations are temporary in character, and will be withdrawn if the German Government takes up a hostile attitude to the Allied and Associated Governments or is succeeded by a Government which does not, in the opinion of the Allied and Associated Governments, afford the necessary guarantees of order and stability.

6. The terms of these resolutions and recommendations should be published.

Appendix 110

[*Resolutions From the Blockade Section Regarding the Reopening of Trade With the Occupied German Territories*]

The Blockade Section ask that the following resolution should be considered as a matter of urgency;

At a meeting of the Blockade Section held on the 19th April, a memorandum on the re-establishment of trade relations with the occupied German territories was considered.

The following resolution was adopted for submission to the Supreme Economic Council:

Resolved that after the day when the Preliminary Peace Treaty is presented to the German Delegates, it should be announced that importations into the occupied Rhine territories (including of course Luxembourg) are free, with the exception of commodities specified on the prohibited list as set out in para. 51 of the 11th meeting of this Council concerning the restoration of trade with Austria and, in the case of shipments from the Associated countries of commodities the exportation of which may be restricted by domestic regulation.

Further resolved that purely from a blockade point of view there is no reason for control over exports from the occupied Rhine territories, except in the case of exports to non-occupied Germany, which should still be subject to the control of the Interallied Committee of Luxembourg, and the Blockade Council refer this question to the Supreme Economic Council for consideration from all other points of view, with a view to determine as early as possible what measures, if any, are necessary for the control of exports from occupied Rhine territories.

M. Seydoux has reserved his assent to this action, in so far as the same relates to export from the occupied Rhine territories.

Appendix 111²*Memorandum Submitted by the American Delegates Regarding the Military Control of the Danube Traffic*

The entire river traffic of the Danube is to-day under the military control of the Allied High Command at Constantinople. This command has recently ordered the subdivision of the control of this river in the following manner, viz.:—

So much of the river as is in Roumanian territory is under the immediate control of a French naval captain, whose office is at Bucharest; the balance of the river is under the control of the British Admiral Troubridge, whose office is at Belgrade. Commercial traffic on this river to-day is practically suspended. Great fleets of river barges, of boats, &c., are tied up at various points, resulting in a complete paralyzation of the normal economic activities of this great and important economic artery. I am constrained to believe that the existing situation is more or less the result of the enforcement of the existing military control of the Danube, and, particularly, the organisation which the Allied High Command has adopted in dividing the control of the river in the manner indicated. No traffic is allowed on the river whatsoever without special permits obtained in each case either at Belgrade or Bucharest.

The almost complete interruption of mail and telegraphic communication throughout this territory interposes an almost insurmountable barrier for commerce to obtain such permits. None of the existing commercial river companies are allowed to operate without specific authority of either the British or the French controls. Prior authority must be arranged at both Bucharest and Belgrade before the artificial limits of the British and French controls can be passed by river traffic. From a commercial operating point of view this situation is obviously intolerable. The Danube is not to-day an important military line of communications, and no military reason exists for continuing the control of this river in the hands of the military authorities. On the other hand every economic reason exists for breaking down immediately every artificial control and every military restriction.

The quicker we can set up some organisation to take this matter in hand and to completely open the river for unrestricted commercial traffic the better it will be for all concerned and for the peace of the neighbouring nationals. The Serbians are to-day quite critical of the present arrangement. I was informed by one of the Serbian Ministers that the cost of moving supplies from Zemlin, a town directly across the river from Belgrade, to Belgrade was approximately the same as the cost for the movement of the same supplies from Fiume to Zemlin. I had no opportunity to verify this statement, and report it simply as showing the existing dissatisfaction with the present methods

² Appendix 111 is filed separately under Paris Peace Conf. 180.0501/34.

of control. Admiral Troubridge is carrying out the orders which have been communicated to him by the French High Command at Constantinople, and is therefore in no way responsible for the existing situation. I believe this same remark will apply to the French naval captain at Bucharest.

I recommend the following line of action by the Supreme Economic Council as being the most practical solution of this matter:—

1. That no military reasons exist to-day for continuing the control of the Danube under the Allied High Command at Constantinople, except so much of the river as passes through the present disturbed territory of Hungary, and that as soon as this disturbed condition is alleviated there will exist no further necessity for military control of even this portion of the river.

2. That every economic reason exists, and the re-establishment of order throughout this territory largely depends upon the utilisation of this river and the existing river equipment to its maximum capacity for the supply of the territory through which it passes, and to permit the greatest possible freedom in exchange of commodities between the various nationals, and that to accomplish this purpose the control of the river and the river traffic should be assumed by the Supreme Economic Council, and that such control by the Supreme Economic Council should be exercised through the Director-General of Relief by a Danube River Economic Commission, comprised of a British, French, Italian, and American representative, with a rotating chairmanship as between the principals of the four nations. It would follow that this Commission would entirely supplant and replace all of the existing military commissions and military agencies at the present time concerned with the Danube River, or its traffic, except in so far as it may be temporarily necessary to maintain military control over such portion of the Danube River as passes through Hungarian territory, where at present disturbed conditions exist.

3. That it is not intended by the foregoing that the proposed Danube River Economic Commission would assume control of the existing Danube River gunboats, or other armed river craft. The control of these latter would be under the complete jurisdiction of the military or naval authorities, but their function would be purely that of normal and ordinary pre-war functions of the protection of the commercial traffic operating under the exclusive jurisdiction of the Danube River Economic Commission. If the proposed Danube River Economic Commission be established, as proposed, it is recommended that this Commission be instructed to devote its entire efforts to re-establishing the normal economic life of the river; or, in other words, that it devote its efforts to fostering the re-establishment of the old lines of traffic under existing river traffic companies to the end that pre-war conditions be established with a very minimum of delay: It would naturally follow that the President of the temporary Allied Military Railway Commission for the old Austro-Hungarian Empire would be instructed to facilitate the delivery of fuel necessary in putting all the Danube River equipment in movement at the earliest practicable date:

LOGAN

APRIL 23, 1919.

**Supreme Economic Council: Fifteenth Meeting Held at the
Ministry of Commerce [on 28th April, 1919, at 10 a. m.]**

The Supreme Economic Council held its Fifteenth Meeting on Monday 28th April 1919 at 10 a. m. under the Chairmanship of Lord Robert Cecil.

The Associated Governments were represented as follows:—

BRITISH EMPIRE.	Sir George Foster, Sir Wm. Mitchell Thomson, Mr. E. F. Wise, Sir Wm. Goode.
U. S. A.	Mr. McCormick, Mr. Hoover, Mr. Norman Davis, Mr. Baruch.
FRANCE.	M. Clémentel, M. Loucheur, M. Celier, M. Boret.
ITALY.	Prof. Attolico.
BELGIUM.	M. de Cartier de Marchienne.

117.

The Minutes of the thirteenth and fourteenth Meetings were approved. The version of Minute 104 Clause (b) proposed by the American Delegation was accepted, viz:—

“That the Shipping Section should be urged to do all in their power to expedite the arrangements for getting the boats into action and to consider the possibility of utilising Belgian crews of which the Belgian Representative reported a sufficiency.”

118. Coal Production and Distribution in Poland and the Former Austro-Hungarian Empire.

With reference to Minute 102 (i) and (ii). The resolution proposed by the Director General of Relief (112) was accepted with the insertion of the words “for the present”; the resolution as passed is as follows:—

“The Director-General of Relief is charged for the present with all matters in connection with the endeavour to increase the coal production and with the supervision of the distribution of the coal so produced in the former Empire of Austria-Hungary and in Poland, working through the Mission of the Communication Section charged

with operation of the through railroad services for the distribution of food supplies in this territory.

The Communication Section will co-ordinate the activities of its mission operating these railroad services and the mission which it is maintaining in Poland."

It was further agreed that the Sub-Committee on Coal should be kept informed.

119. Relief Measures.

Austria. With reference to Minute 107 (a) it was reported that the French Government had not yet received Parliamentary authority for the loan of \$15,000,000 but that it was anticipated that this would soon be given, and that in the meantime the ships were being loaded in America.

120. Removal of Fishing Restrictions.

With reference to Minute 109 it was reported that the restrictions had been removed from the Kattegat but not from the Skager Rak; and that the restrictions on fishing in the North Sea had been altered so as to allow the German fishermen the use of a passage free from mines.

121. Situation in Latvia and Lithuania.

With reference to Minute 111, it was reported that the Senior Naval Officer at Libau had reported that the situation was not yet sufficiently clear to allow of the landing of foodstuffs.

122. Relations With Germany.

With reference to Minute 114 it was reported that no reply had been received from the Council of Four to the recommendations submitted by the Delegations of America, Italy and Great Britain. The Council Officers were directed to enquire when a reply might be expected.

123. Shipments Through Germany, Hungary and Bolshevik Russia.

With reference to Minute 110, the Blockade Section submitted a Resolution (113) permitting shipments of all commodities through Germany (except munitions of war) under the I. A. T. C. or Relief Administration licences and asking for the decision of the Supreme Economic Council on the question whether a similar permission shall be given regarding shipments through Hungary and Bolshevik Russia.

After discussion it was agreed to defer the consideration of this latter question till the position in Hungary should be clearer.

124. Transitory Measures.

With reference to Minute 101 the French Delegates stated that the memorandum which they were preparing on this subject was nearing completion, and would be circulated in order that it might come before

the Council formally and be considered with a view to a recommendation to the Council of Four.

Agreed.

125. Armistice Locomotives and Waggons.

With reference to Minute 112 an extract from the Minutes of the 16th Meeting of the Communications Section (114) was submitted.

It was agreed :—

That the transfer of armistice locomotives and waggons to countries assisted by the Supreme Economic Council should be conditional on an explicit undertaking by the Governments of those countries to accept financial liability towards the Allies or any one of them indicated by the Supreme Economic Council for these locomotives and waggons on the same basis as the credits for relief and for the supply of railway material.

It was further agreed that the Finance Section should determine the form of the obligations to be executed.

126. Transport by the Danube.

With reference to Minute 116, and document (111),¹ a note by General Mance (115) and a Resolution adopted by the Communications Section at their special Meeting on April 26th (116) were submitted.

The question of the control of the Danube Traffic was discussed. It was agreed that it was urgent, and important that the control should be unified over the whole river, and that the utmost freedom compatible with military necessities should be given to relief traffic in foodstuffs; but opinion being divided on the best means of obtaining these results, it was agreed to defer the question for consideration at the next meeting.

127. Resumption of Trade With Occupied German Territories.

With reference to Minute 115 a recommendation from the Sub-Committee on Germany passed at their meeting 24th April (117) was submitted, and after discussion the following resolution passed by the Superior Blockade Council was approved :—

1) "*Resolved* that after the day when the preliminary peace treaty is presented to the German delegates, it should be announced that importations into the occupied Rhine territories (including of course Luxembourg) are free, with exception of commodities specified on the prohibited list as set out in para. 51 of the 11th Meeting of this Council concerning the restoration of trade with Austria and, in the case of shipments from the Associated countries, of commodities the exportation of which may be restricted by domestic regulation."

2) "*Further resolved* that, purely from a blockade point of view, there is no reason for control over exports from the occupied Rhine territories, except in the case of exports to non-occupied Germany,

¹ *Ante*, p. 216.

which should still be subject to the control of the Interallied Committee of Luxembourg, and the Blockade Council [refers this question to the Supreme Economic Council] for consideration from all other points of view, with a view to determine as early as possible what measures, if any, are necessary for the control of exports from occupied Rhine territories".

The resolution was referred to the Sub-Committee on Germany and to the Finance Section to consider what steps if any should be taken, in the interests of the Financial arrangements for the supply of food, to enable Germany to secure control of the imports and exports into and out of the occupied territories.

128. Food Shipments to Germany.

The Chairman of the Blockade Section drew attention to the alternative resolutions discussed by the Section at their Meeting 23rd April.

After discussion the following resolution was passed :—

"Whereas, it is the view of the Supreme Economic Council that there is no possibility of Germany obtaining imports of foodstuffs equal to the ration of 370,000 tons per month as fixed by the Brussels Agreement,

Resolved, That the Blockade Council is authorised to dispense with the existing requirement that shipments of foodstuffs from the Northern Neutral Countries and Switzerland to Germany receive the approval of the respective I.A.T.C.'s. ["]

129. Supply of Coal to Italy.

With reference to Minute 102, an interim report (118) from the Sub-Committee on Coal was submitted and noted.

Appendix 112²

Resolution Proposed by the Director-General of Relief Regarding Coal Production and Distribution From Mines in the Former Austro-Hungarian Empire and Poland

With reference to Minute 102 (thirteenth meeting of the Council), the Director-General of Relief submits the following resolution for the consideration of the Council :—

"The Director-General of Relief is charged with all matters in connection with the endeavour to increase the coal production and with the supervision of the distribution of the coal so produced in the former Empire of Austria-Hungary and in Poland, working through the Mission of the Communication Section charged with operation of the through railroad services for the distribution of food supplies in this territory.

² Appendixes 112 to 118 are filed separately under Paris Peace Conf. 180.0501/34.

"The Communication Section will co-ordinate the activities of its Mission operating these railroad services and the Mission which it is maintaining in Poland."

Appendix 113

Resolution From the Blockade Section Regarding Shipments Through Germany, Hungary and Bolshevik Russia

The Blockade Section has adopted the following resolutions (Minute 134 of its meeting on the 23rd April) :—

1. Resolved—

"That the Superior Blockade Council hereby approves of shipments being made through Germany of all commodities, except finished munitions of war, provided that said shipments must in all cases be covered by an Inter-Allied Trade Committee licence or, where no Inter-Allied Trade Committee exists, by a Relief Administration licence."

2. Further Resolved—

"That this action shall be referred to the Supreme Economic Council for its information with a request that the Blockade Council be advised as to whether the foregoing action should be extended to cover shipments through Hungary and Bolshevik Russia."

Appendix 114

Extract From Minutes of the Sixteenth Meeting of the Communications Section Regarding Armistice Locomotives and Waggons

6 (a). Commandant Martin Prével stated with reference to paragraph 9 (c) of the draft minutes of the fifteenth meeting that it was necessary, as regards both the locomotives and waggons taken from the Armistice rolling-stock, that the Supreme Economic Council should pass a recommendation to the Finance Section to hasten the financial agreement which would permit the cession of this material.³

Note.—Paragraph 9 (c) of draft minutes of fifteenth meeting reads as follows:

"9 (c). It was decided that the Communications Section should request the Supreme Economic Council to pass a resolution setting out the form of obligation to be executed by the countries to which rolling-stock is ceded."

³ The following omission indicated in the original.

Appendix 115

Note by General Mance Regarding the Control of the Danube Traffic

The administration of an international river like the Danube is very different from that of a railway, possessing as it does international political aspects which cannot be ignored. Before the war the portion of the Lower Danube utilised by maritime shipping, including two out of the three principal arms of the river to the sea, was efficiently administered by the European Commission of the Danube. The rest of the river was administered by six different organisations.

In discussing the terms of peace considerable tact was needed to reconcile the conflicting interests involved. The following provisional arrangements were agreed to:—

The European Commission for the Danube will resume its functions with the exclusion of the enemy Powers from its composition. Above the point where the competence of this Commission ceases, the Danube is to be administered by a single commission, consisting of representatives of riparian States, including enemy States, together with representatives of the non-riparian Powers who have members on the European Commission. It is laid down that this Commission will function as soon as possible after the signature of peace, and as Austria and Bulgaria are affected this may not be for some time. The permanent statute of the Danube is to be decided later on by agreement between the interested Allied Powers.

As regards plant and craft, the Reparation Commission are providing that restitution shall be made of all craft of Allied Powers which have been removed by enemy Powers, so far as they can be traced, and it is proposed in addition that by way of reparation 20 per cent. of the river craft shall be given up to be disposed of as decided by the Allies. After this restitution and reparation have been carried out, the remaining craft registered in enemy riparian States will be divided pro rata with the interests involved to conform to the new territorial frontiers when they are decided. These new frontiers will similarly regulate the river works and shore installations which will come under one or other of the riparian States.

At the present moment control of the Danube is exercised on the authority of the military Commander-in-Chief. This is probably necessary during a state of war, and there is very good authority for this control under the conditions of the Armistice, but there is no authority for direct control by the Supreme Economic Council. It is against the policy of the Council to take over executive control of communications if it can be avoided, as this is a retrograde step in the re-establishment of normal conditions. On the other hand, we cannot set up a civil administration under normal conditions until the signature of peace, both on account of the uncertainty as to the frontiers and because the co-operation of States still at war with us would be involved.

As regards the military organisation employed, I quite agree that the division which appears to have been fairly recent, into French and British spheres, is bad, and that it is essential that the administration,

at least above Braila, the head of the maritime navigation, should be under one head.

It is therefore proposed that the Danube Administration should be placed under a single Allied military control which should continue until the two Commissions, provided for in the Treaty of Peace, can take over the administration. Following the precedent of the Railway Commissions of the Communications Section, the executive powers of the Allied Commission should be trusted to one Power. As regards the mouth of the Danube, the administration of the European Commission should at once be resumed, if this has not already been done. The remainder of the river might be divided up under provisional civil administrations, under the direct control of the Allied Military Commission, and it is not improbable that the divisions already adopted of a Roumanian administration up to Turnu-Severinu, a Serbian administration from Turnu-Severinu to Baja, and a Tchecho-Slovakian administration from Baja to Presburg, or beyond, would meet the case.

It could be arranged that the decisions of the Supreme Economic Council affecting the Danube should be communicated to the Commander-in-Chief through the Communications Section (not through the Director-General of Relief), with a view to their being carried out to the fullest extent that military considerations admit.

The above proposal will enable normal services to be reopened at the earliest possible moment, subject to military necessities and the conditions of peace. Communications from Admiral Troubridge indicate that from the commencement he has been influenced by the same considerations as the Supreme Economic Council as regards reopening the river, and it is understood that hitherto the suspension of commercial traffic has been due largely to blockade restrictions, to the state of war, and recently to disturbances in Hungary, together with lack of coal. The agreement between Admiral Troubridge and the Tchecho-Slovakian Government was designed to avoid the restrictions referred to in paragraph 3 of Colonel Logan's report, and there is no reason why these restrictions should continue under a uniform control.

As regards the supply of coal the British naval authorities are supplying 3,000 tons a month, leaving the question of payment to be determined later. This latter question is now being taken up, as also is the question of finance under the present régime. The supply of coal to the Danube should be co-ordinated with the coal situation generally in Eastern Europe, in which the railway missions of the Communications Sections will, of course, co-operate.

It is observed that Colonel Logan has, in his last sentence, mixed up the title of two or more railway missions, but this is a matter of detail, as instructions will be issued to the missions concerned by the Communications Section.

Appendix 116*Draft Resolution From the Communications Section Regarding Control of Traffic on Danube*

DRAFT RESOLUTION ADOPTED BY THE COMMUNICATIONS SECTION AT THEIR SPECIAL MEETING OF APRIL 26, AND SUBMITTED TO THE SUPREME ECONOMIC COUNCIL

It is important that the navigation of the Danube should be placed entirely under one authority to be appointed by the High Command.

This authority should be charged specially to organise, to the utmost possible extent, the reopening of normal traffic conditions on the Danube.

In order to save time, the Communications Section should communicate directly with this authority on economic subjects respecting the Danube, provided that copies of such communications are at the same time sent to the High Command.

Appendix 117*Recommendations From the Sub-Committee on Germany With Reference to the Resumption of Trade With Occupied Germany*

EXTRACT FROM MINUTES OF THE MEETING OF THE SUB-COMMITTEE ON GERMANY, HELD ON APRIL 24

The Sub-Committee, on reference from the Supreme Economic Council, considered the following resolution passed by the Superior Blockade Council*:-

1. Resolved—

“That, after the day when the Preliminary Peace Treaty is presented to the German Delegates, it should be announced that imports into the occupied Rhine territories (including, of course, Luxembourg) are free, with exception of commodities specified on the prohibited list as set out in paragraph 51 of the eleventh meeting of this Council concerning the restoration of trade with Austria, and, in the case of shipments from the Associated countries of commodities, the exportation of which may be restricted by domestic regulation.”

2. Further resolved—

“That, purely from a blockade point of view, there is no reason for control over exports from the occupied Rhine territories, except in the case of exports to non-occupied Germany, which should still be subject to the control of the Inter-Allied Committee of Luxembourg; the Blockade Council refers this question to the Supreme Economic Council, for consideration from all other points of view, with a view

*See Appendix 110. [Footnote in the original.]

to determine as early as possible what measures, if any, are necessary for the control of exports from occupied Rhine territories."

The Committee are informed that the present position, as regards imports into and exports from the occupied part of Germany, is as follows: A set of rules to govern these imports and exports has been agreed upon by the Inter-Allied Economic Committee at Luxemburg who have recommended that, in the absence of instructions to the contrary, these resolutions shall come into force as from the 1st May next.

The substance of these rules is as follows:—

(a) Imports from Allied countries to the occupied territories are free of licence as far as the occupied territories are concerned, and are subject only to any export prohibitions that may be in force in the respective Allied countries and to any list which may be agreed of goods of which the import into the occupied territories is to be prohibited. If it is desired to apply the Austrian prohibited list mentioned in the above resolution, that list will require to be first considered by the Inter-Allied Rhineland Commission.

(b) Imports from neutral countries to the occupied territories are subject to licence to be obtained by the buyer in the occupied territories from the Luxemburg Committee through the appropriate Economic Section of the Army of Occupation concerned.

(c) Exports from occupied territories to Allied or neutral countries are subject to licence to be obtained as under (b) above.

(d) Imports from and export to unoccupied Germany are subject to authorisation issued by the various Economic Sections of the armies which control the entrance of goods into and the despatch of goods from the respective zones for which they are responsible.

(e) The above to be subject to the necessary reservations as regards all articles which Germany is not allowed to export under the Brussels Agreement.

In view of the above information, the Sub-Committee recommend to the Supreme Economic Council that the resolution of the Blockade Section should be accepted, and they point out that effect has already been given to the first part of the resolution.

Appendix 118

Report From the Sub-Committee on Coal Regarding the Italian Coal Programme

1. A programme of 800,000 tons per month should be arrived at; the programme should cover three or four months and should be revised periodically.

2. As regards Great Britain, sufficient coal is available, but there is a shortage of shipping. Of the shipments of 730,000 tons allocated

for loading in April, some 360,000 tons in fact will not be loaded till early in May. This is due to delay of ships and other causes.

Sir T. Royden undertook to report at once on British programme for shipments of British coal during May.

3. As regards France, M. Cahen stated that it was impossible to supply as much as 6,500 or 6,000 tons per day, and that it was impossible to say that the amount of 5,000 tons per day, which has been supplied for the last three days, could be supplied for more than a fortnight.

4. As regards Germany, there is at the moment no coal available for export. The question of shipments by German tonnage to Italy and France is being dealt with in London.

5. As regards the United States, it was agreed that United States assistance would be required. Sir T. Royden pointed out that the most effective way in which the United States could render assistance would be to employ their ships in the carriage of coal from Great Britain to Italy; this method would be twice as efficient as carrying coal from America. Mr. Summers stated that United States tonnage could not be employed for the shipment of British coal, but could only be allocated for the shipment of American coal.

Sir T. Royden said that if the United States would not allow her tonnage to be used for the transport of coal other than United States coal, then Italy must go to her for coal as well as for tonnage.

It was agreed that Sir T. Royden should report on the British shipping programme.

M. Cahen would report on the output of coal in France and the Saar, and on the supply of railway material for use on the Blaye route.

Mr. Summers would report on what tonnage the United States could allocate for the shipment of United States coal, and also on railway material available in France for use on the Blaye route.

APRIL 25, 1919.

**Supreme Economic Council: Sixteenth Meeting Held at the
Ministry of Commerce [on 5th May, 1919, at 10 a.m.]**

The Supreme Economic Council held its Sixteenth Meeting on Monday, 5th May, 1919, at 10 a. m. under the Chairmanship of Lord Robert Cecil.

The Associated Governments were represented as follows:—

UNITED KINGDOM.	Mr. J. M. Keynes, Sir Wm. Mitchell Thomson, Mr. E. F. Wise.
UNITED STATES.	Mr. McCormick, Mr. Hoover, Mr. Norman Davis, Mr. Baruch, Mr. Robinson.
FRANCE.	M. Clémentel, M. Celier, M. Seydoux, M. de Lasteyrie.
ITALY.	Prof. Attolico.
BELGIUM.	M. de Cartier de Marchienne.

130.

The Minutes of the Fifteenth Meeting were approved subject to the following addition to Minute 128 proposed by the American Delegates:—

Further resolved that imports of foodstuffs into the Northern Neutrals and Switzerland may for the present be permitted freely subject only to such regulations as may be prescribed by the country of exportation, but this action shall not, however, relieve the importing country from any existing guarantees against re-exportation to Hungary or Bolshevik Russia.

It was agreed that the Naval Authorities should be informed of the above decision so that they might be in a position to make such arrangements as they consider necessary.

131. Conditions in Hungary.

(i) *Blockade.*

The American Delegates enquired whether the Council would be prepared to recommend the removal of the blockade restrictions on Hungary immediately in the event of the political situation becoming such as would warrant this action being taken.

It was agreed:

(a) that from a blockade point of view there would be no objection to the lifting of the blockade on Hungary as soon as the political situation permitted.

(b) that, provided the necessary recommendation were received from the Council of Foreign Ministers, the Blockade Section should be authorised to take steps immediately to remove the blockade on Hungary;

(c) that the Council of Foreign Ministers should be notified accordingly.

(ii) *Food.*

The Director-General of Relief reported receipt of information to the effect that the situation in Hungary was improving and pointed out that the supply of food to that district was becoming an urgent problem. It appeared that a considerable quantity of breadstuffs, meat and fats existed in the Banat and surrounding countries in excess of that required for Greater Serbia and was available for export to Hungary, but that the Serbian Government appeared unwilling to facilitate the export of the commodities.

A Memorandum (119) from the Director-General of Relief on the revictualling of Hungary was submitted.

It was agreed:—

(a) that the Director-General of Relief should be authorised to inform the Serbian Government that it is essential that the revictualling of Hungary and Roumania should be conducted at least in part from the surplus of the Banat and surrounding countries;

(b) that the Serbian Government should be requested to co-operate with the Supreme Economic Council and the Food Section in securing the immediate and regular movement of these foodstuffs to Hungary;

(c) that the Finance Section should consider what financial arrangements can be made to allow of imports of foodstuffs to Hungary.

132. *Situation in Latvia and Lithuania.*

It being pointed out that stores of foodstuffs intended for the revictualling of the populations of Latvia and Lithuania were not yet being distributed owing to objections raised by the Allied Naval Authorities, although the representatives of the Food Section had expressed the opinion that distribution could with safety be commenced, it was agreed:—

(a) to report on the position again to the Council of Foreign Ministers;

(b) to request the Allied Naval Authorities to state immediately their reasons for postponing still further the landing of foodstuffs at Libau.

133. *Relations With Germany.*

With reference to Minutes 114 and 122 the Chairman reported receipt of a letter from the British Prime Minister stating that although

the Council of Heads of States appreciated the importance of the entire suspension of the blockade on Germany they considered it would be preferable to take no action in the matter for the present.

134. Trade With Occupied German Territories.

(i) With reference to Minute 127 it was reported:—

(a) that the Sub-Committee on Germany had considered the resolutions passed by the Council in conjunction with certain regulations proposed by the Luxembourg Committee;

(b) that these regulations as amended and approved had been forwarded to the Rhineland Commission to put into operation;

(c) that the regulations had been forwarded to the Finance Section but that owing to an ambiguity in one of the clauses the matter had not yet been considered in detail;

(ii) The American Delegates reported receipt of information to the effect that considerable quantities of commodities other than food-stuffs were being exported from the occupied to the unoccupied territories particularly through Alsace and it was agreed that all the information available should be given to the French Delegates who undertook to make enquiries into the position and report to the Council at its next Meeting.

135. Requisitioning of Foreign Securities on the Left Bank of the Rhine.

The Financial Delegates reported that the Finance Section having decided that Germany should be permitted to requisition foreign securities on the Left Bank of the Rhine the German Delegates at Vilette had been notified to that effect. Subsequently, however, some confusion had arisen through a telegram on the same subject sent to the German Armistice Commission by Marshal Foch.

It was now proposed that a further telegram should be sent to clear up the situation and a draft prepared by the French Delegates (120) was submitted and approved subject to the following amendments:—

(a) the omission of paragraph 2 Clause (b).

(b) the addition at the end of the last sentence of the telegram of the following words:—

“it being understood that requisitioning shall be carried out on the same principle and by the same methods on both sides of the Rhine.”

136. Failure by Germany To Sign the Preliminaries of Peace.

Statements prepared by M. Seydoux (121) and by Captain McNamee (U. S. N.) (122) and submitted to the Blockade Section, embodying proposals regarding blockade measures which might be adopted in the event of the German Delegates refusing to sign the Preliminaries of Peace, were submitted.

The following resolution submitted by the American Delegates was adopted:—

“That the Blockade Section be instructed to prepare immediately, in consultation with the Naval and Military Authorities, and submit for consideration by the Council of Foreign Ministers a plan for the instant application, in case of need, of the fullest possible pressure of Blockade upon Germany.”

137. Rationing of Raw Materials to Germany.

A resolution from the British Delegates (123) and an extract from the Minutes of the Finance Section (124) regarding the rationing and supply of raw materials to Germany, were considered.

It was agreed that it was undesirable at the present juncture and in view of the serious financial difficulties involved, to send a formal communication to the German Government requesting information regarding their requirements of raw materials but that there would be no objection to the Delegates of the Associated Governments on the Raw Materials Section discussing the question verbally with the German Delegates now at Versailles without in any way committing any of the Associated Governments.

138. Purchase by Allies of Commodities Available for Export From Germany.

(a) Dyestuffs.

A resolution (125) from the Raw Materials Section and a Scheme of Arrangement (126) for pledging German stocks of dyestuffs as security for an advance for supplies of foodstuffs to Germany were approved in principle subject to final approval of the details by the Sub-Committee appointed by the Raw Materials Section and to the approval of the Finance Section.

(b) Prohibition and Pre-emption Lists.

A resolution (127) from the British Delegates suggesting that the Allied and Associated Governments should waive their right of pre-emption, except as regards dyestuffs and coal, under the terms of the telegram of March 24th,¹ was submitted and approved subject to final acceptance by the French Delegates.

It was agreed that in the event of the French Delegates being unable to accept the above proposal a special Meeting of the Council should be held on Tuesday, 6th May.

139. Financial Restrictions on Germany.

Resolutions from the Finance Section (128) regarding the relaxation of financial restrictions on Germany were submitted and approved, it being understood that these concessions should be considered as applying only to the period of the Armistice.

¹ See appendix 37, p. 89.

140. Control of German Wireless Stations.

Extracts from the Minutes of the 19th Meeting of the Blockade Section (129) regarding the control of high-powered wireless stations in Germany were submitted.

It was agreed that the German Government should be informed that the Allied and Associated Governments are prepared to accept Clauses 1-8 only of the rules under which commercial communications will be permitted but that if any improper use of wireless communications is made the Allied and Associated Governments will be obliged to withdraw all facilities granted for postal and telegraphic communications between German and Neutral Countries.

141. Use of Enemy Tonnage.

It was reported:—

(a) that a communication had been received from the Transport Executive in London stating that enemy ships under French management were being sent to destinations not in accordance with the instructions given by the Executive;

(b) that certain of the boats under British management were being sent to Australia and other destinations where no finance was available instead of to the United States or the Argentine where food supplies already financed were awaiting shipment.

It was agreed that these matters should be referred to the Shipping Committee to make the necessary communications to the French and British Authorities and the Transport Executive.

142. Food Prices in Germany.

The British Delegates reported that difficulty was being experienced in selling food supplies shipped by the Allied and Associated Governments to Germany owing to the high prices and the depreciation of the mark, and it was agreed to refer the matter to the Finance Section with instructions that they should discuss with the German Delegates the question of prices for foodstuffs particularly as regards the high prices being asked for food distributed to the people.

143. Control of Traffic on the Danube.

With reference to Minute 126 resolutions submitted by the American Delegates (130) regarding the control and expedition of commercial and relief traffic on the Danube were considered and the principles included therein were accepted.

The matter was referred to a Sub-Committee composed of the following Delegates:—

U. K. UNITED STATES. FRANCE.	General Mance, Mr. Hoover. M. Clémentel
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to draft a telegram for transmission to General Franchet d'Esperey.

144. Commercial Traffic on the Elbe.

It was reported that arrangements had been made to re-open commercial traffic with Czechoslovakia by way of the Elbe under proper control.

145. Raw Materials for Poland and Czechoslovakia.

A resolution (131) and report (132) from the Raw Materials Section regarding the urgent requirements of raw materials of Poland and Czechoslovakia were considered.

The resolution amended as follows was accepted for transmission to the Council of Heads of States:—

“The Raw Materials Section desire to represent the extreme urgency of supplying raw materials to Europe. Without the supply of raw materials there is no hope for the peace of Europe. The Section therefore recommends that the matter should be immediately laid before the Council of the Heads of States with a request that they will give such directions to the Financial Authorities of the Associated Governments as will make possible a solution of this question.”

It was agreed that the resolution should be accompanied by a copy of the report which should be revised as regards financial detail by the Chairman of the Finance Section before despatch.

The American Delegates stated that their Government was not in a position to accept the financial proposals outlined in the report.

146. Coal for Poland and Austro-Hungarian Empire.

With reference to Minute 118 the French Delegates pointed out that in view of the difficulties of the situation in the Balkans it might be necessary for the distribution of coal to be modified from time to time to meet the exigencies of the military or political situation in these districts and enquired what steps could be taken to ensure that this would be possible.

It was agreed that any special circumstances requiring attention and action should be reported to the Director-General of Relief and the Communications Section who would do all in their power to carry into effect any special demands made upon them.

Appendix 119²**[Memorandum From the Director General of Relief (Hoover)
Regarding] Food Supplies for Hungary**

Assuming that political conditions should improve, it is essential that immediate steps be taken for the provisioning of Hungary. During May, June, and early July, about 120,000 tons of breadstuffs and

² Appendixes 119 to 132 are filed separately under Paris Peace Conf. 180.0501/34.

20,000 tons of fats and meats will need to be imported into the Hungarian region of the Armistice definition.

These foodstuffs can be secured from two different regions. First, from the Banat; and second, by imports from overseas through the Adriatic.

Our prolonged examinations demonstrate that there is an exportable surplus in the Banat and surrounding countries of approximately 150,000 tons of breadstuffs and 10,000 tons of meats and fats, in excess of any of the interior needs of Greater Serbia. This area of food surplus lies approximately 400 kilos. inland from the Adriatic and directly on the railroad routes from the Adriatic to Hungary, and lies within a range of sixty miles from the Hungarian frontier. This surplus food area is, of course, under the jurisdiction of the Greater Serbian Government, and the surplus mentioned above is in excess of any needs of the greater Serbian Government, except for the populations of Yugo-Slavia lying within a range of something like 100 kilos. from the Adriatic. This area might be called the coastal fringe, and is now being fed from imports from overseas, it having been considered from the beginning more logical to use the Banat surplus to feed the interior, including Hungary, and to use the overseas imports to feed the coastal fringe of Yugo-Slavia and such inland portions as Slavonia and Croatia. I have recently had urgent telegrams from the French military authorities asking that we should despatch foodstuffs from Trieste and Fiume for the cities of Szeged and Arad, which have been recently occupied by the military. We have taken measures to furnish some emergency supplies, but this entails 500 kilometres rail haul, passing directly through the Banat where the warehouses are filled with food.

The Greater Serbian Government seems loath to allow these supplies to be exported. Some fats and meats must necessarily be imported from overseas for Hungary. Both of these contingencies require financial arrangements. I would therefore propose—

- (a) That the Financial Section determine the method by which overseas imports into Hungary can be imported.
- (b) That the Director-General of Relief be authorised by the Supreme Economic Council to communicate to the Serbian Government the conviction of the Council that the provisioning of Hungary, Austria, and Roumania must be conducted from the surpluses of the Banat and surrounding countries, and that the Serbian Government should co-operate with the Supreme Economic Council and the Director-General organisation to secure the immediate and regular movement of these foodstuffs into Hungary, Austria, and Roumania.

Appendix 120

Draft Telegram From Marshal Foch to M. Erzberger

In answer to your note of the, I beg to inform you that the Allied and Associated Governments have made the following alterations to my telegram on the requisitioning of foreign securities on the left bank of the Rhine:—

1. The proceeds realised from the securities will be used in payment of foodstuffs (in which measure and within the limits) fixed by the Brussels Agreement.
2. The proceeds of the requisitioning on the left bank of the Rhine will not be specially used for the revictualling of the local population unless—
 - (a) The population is revictualled in accordance with the Brussels Agreement.
 - (b) And that, owing to the organising conditions of this requisition, the population will not be placed under inferior conditions to the rest of Germany.
3. The securities from the left bank of the Rhine will be centralised and kept in local banks to be determined by the German Government in agreement with the Allied Governments; for instance, Cologne and Mayence.

In these circumstances I am giving the necessary instructions for the Decree of the German Government, dated the 26th March, 1919, to be put into force immediately in the different zones of occupation.

Appendix 121

Draft Submitted by M. Seydoux [Regarding] Reinforcement of Blockade on Germany

In case the German Government should refuse to accept the Preliminaries of Peace, the following measures could be immediately taken if the Associated Governments decide to have recourse to means of economic coercion:—

1. Declare the effective and legal blockade of the Baltic Sea, which the Allies have never been able to do during the war.
2. Or if it is not considered desirable for the Associated Powers to declare such a blockade, inform the Northern Neutrals that, in conformity with the order passed in the Council of the 11th March and the Decree of the 13th March, 1915,³ merchandise coming from or sent to Germany will be stopped.

³ *Foreign Relations, 1915, supp., pp. 144 and 150.*

All traffic will thus be stopped between Sweden, Norway, and Germany.

3. Occupy the Kiel Canal and thus close in a large proportion the passage of Danish merchandise.

4. The occupation of the left bank of the Rhine and of bridgeheads would render negligible the traffic which could be established between Dutch Friesia and Germany.

Holland would take the engagement to prevent all constitution of stocks in this province and to forbid re-exportations, under penalty of immediate re-establishment of minimum rations for it.

5. As far as Switzerland is concerned, request the Federal Government to take same dispositions. The quantities of merchandise bought by Switzerland, and superior to its normal consumption, would be put in stock in France and not in Switzerland (as it had been stipulated in the Franco-Swiss Agreement of the 31st December, 1917).

6. Re-establishment of censorship.

7. Re-establishment of Black List and publication of the Inter-Allied Black List for Switzerland.

8. Complete closing of the Bavarian frontier, under the care of the Inter-Allied Committee of Vienna.

9. Invitation to the Allied Governments, Tchecho-Slovakia, &c., to reinforce their prohibitions of trade with regard to Germany.

10. Special measures to insure the supplying of Bohemia through Trieste and the Danube.

11. Immediate occupation of Danzig to insure the supplying of Poland.

APRIL 20, 1919.

Appendix 122

Note by the American Delegates [Regarding] Reinforcement of Blockade on Germany

In the event of Germany refusing to sign the Treaty of Peace, the Allied and Associated Governments may decide to bring about the complete economic isolation of Germany.

The restrictive measures on trade adopted during the war have been only partially successful in shutting off all commerce with Germany.

Of these measures, it is doubtful if some are now legal; others are of doubtful efficiency; and practically all involve innovations in the application of international law that might fail of approval by the Prize Courts. The establishment of a formal blockade of the entire German coast, while feasible from a naval standpoint, would require the absolute prohibition of passage of all private vessels of the Allies and all neutral or enemy vessels through the blockade lines. Otherwise Prize Courts would refuse to sustain the validity of the blockade on the grounds that it was not "effective".

The doctrine of continuous voyages as applied to blockade by the Allies is not recognized as valid by the United States, which does however recognise its validity as applied to contraband. Therefore we could not approve of a blockade that attempted to stop supplies bound for Denmark with an ultimate destination to Germany. A neutral cannot be blockaded.

By making all supplies for Germany contraband, as was done in the present war, it is lawful to seize anything with an ultimate German destination, whether bound for neutral territory or not. This, however, would not stop neutral ships entering German ports empty, and taking out cargoes of German goods. The black list is the only present remedy for this.

The time seems ripe to apply the principles of the League of Nations, by which the members of the League bind themselves to support each other in financial and economic measures necessary to restrain a recalcitrant nation, and it should be possible to obtain a general agreement among the Allied and Associated Governments, which now agree to the Covenant, to apply its principles at once to bring about the complete economic isolation of Germany.

1. By interdicting all commerce with Germany not approved by the Allied and Associated Governments.
2. By the economic isolation of all States adjoining Germany that refuse to abide by (1).

In this way all forbidden commerce with Germany by sea would be stopped by the Allied and Associated navies, and trade with neutrals could proceed freely, subject to an agreement that nothing should pass in or out of Germany across neutral borders.

The status and machinery of the general system of trade restriction would be practically the same as at the time of the Armistice of the 11th November, 1918, except that prohibition of trade with Germany would be absolute except as in future relieved by the Allied and Associated Powers.

As an alternative to the above plan, should Germany refuse to sign the Treaty and adopt an attitude of passive resistance, the most effective method of utilising economic pressure would be to take military possession of her ports and neutral frontiers, thereby controlling all her external communications.

L. McNAMEE
Captain, United States Navy

APRIL 21, 1919.

Appendix 123

[Resolution From the British Delegation Regarding the] Rationing of Raw Materials to Germany

Resolution proposed by the British Delegation:—

“That the Raw Materials Section be authorised to empower the Committee on the Supply of Raw Materials and Sale of War Stocks to negotiate and fix rations of raw materials for import into Germany forthwith, subject to such control as may be advised by the Blockade Section.”

MAY 2, 1919.

Appendix 124

Extracts From Minutes of Finance Section

7. RAW MATERIALS FOR GERMANY.—PROPOSED TELEGRAM TO THE GERMANS (ANNEX).

Mr. Keynes said that all the liquid resources of Germany would be required for the payment of food; under the existing limitations of the Council of Four not even all these liquid resources were included in the available financial sources for payment of Supplies to Germany. The question therefore was whether the Germans should be told what surplus raw materials the Allies could deliver to them, though we knew perfectly well that at a later stage it would be necessary to inform them that they could in fact obtain none of these materials for lack of the means of payment. Such a course of action would naturally tantalise and provoke them, but it might have the advantage of making them face the financial facts and hold their financial resources more readily at the disposal of the Allies than they were doing at present. No doubt the Raw Material Committee, without regard to either of these considerations, wished to send the suggested telegram in order to make some progress towards the disposal of available stocks. But the whole question was really governed by political considerations and must ultimately be determined with a view to them by the Council of Four.

Mr. Davis thought it was a mistake to appear to be thrusting raw materials on the Germans which they had not asked for, and for which they could not make payment. The proposed telegram would tantalise them and would obscure rather than clarify the real difficulties of the financial situation. The obvious German reply would be that they would take the raw materials but required a credit if they were to pay for them.

Captain Jung said it was a matter of general policy, but that in his view this would be a most unfortunate moment to broach the subject with Germany. The inadequacy of financial resources should not be emphasised at a time when far-reaching claims for reparation were being put forward. A safer policy would be for the Allies to hold their hand for the present and to leave it to the Germans to raise the question of raw materials required in Germany.

Colonel Theunis and M. Avenol agreed that the question should be dealt with only at the request of the Germans, and that it would be a mistake to negotiate for the sale of raw materials when it was perfectly well known that there was no available finance.

M. Celier said that even in the case of food supplies the financial principle had been settled before negotiations were begun, and the Germans had been informed at the outset that they must pay in cash. So now it must be determined whether a credit could be provided for raw materials before the Germans were invited to consider supplies, and, if so, whether the Allies were prepared to grant a credit on the security of assets in Germany.

It was agreed—

- (1.) That the Finance Section recognise the necessity of Germany's obtaining raw materials without delay.
 - (2.) That there is no finance at present available for such supplies.
 - (3.) That the issue is a political, not a financial, issue and cannot be determined by the Finance Section, since the decision to be taken will react on the peace negotiations in an important way.
-

ANNEX

The attached draft telegram has been approved by the Committee on Supply of Raw Materials, subject to the concurrence of the Finance Section.

“Resolved, that subject to the concurrence of the Finance Section, the Committee on Germany should be requested to send a telegram at once to the German authorities to the following effect:—

“With reference to M. Clemenceau’s message to the German Armistice Delegation, communicated by General Nudant, D 160, of the 26th April, information is requested on the following points:—

- “(a) As to the estimated requirements for immediate importation of raw materials during May and June;
- “(b) As to which are the commodities most urgently required for the relief of unemployment.
- “(c) As to the allocation of the quantities required between unoccupied Germany and the occupied territory, not including Alsace-Lorraine.”

Appendix 125

[Resolution From the] Raw Materials Section

The following resolution was passed:—

“The Raw Materials Section approves of the scheme of arrangement pledging German stocks of dyestuffs as security for an advance for supplies of food to Germany, and, subject to financial approval, proposes to put the scheme in operation unless the Supreme Economic Council or the Council of the Heads of Governments sees any objection.”

Appendix 126

Scheme of Arrangement for Pledging German Stocks of Dyestuffs

In order to facilitate the financing of the necessary supplies of food to Germany it is proposed as follows:—

1. Germany will pledge to the Allied Governments all its existing stocks of dyestuffs (less the estimated requirements of their home-dyeing industry for three months taken at the pre-war rate of consumption) as security for an advance in the form of a credit to be employed in paying for the supplies of food furnished by the Allies to Germany.
2. The amount of such credit shall be 90 per cent. of the value of the stock so pledged, such value being ascertained by taking the several dyestuffs at the following prices:—

The price at which each dyestuff shall be taken shall be either twice the lowest pre-war selling price of such dyestuffs to the United Kingdom or other such Allied market as may be selected for the purpose by the Commission, or the ascertained cost of production of the said dyestuffs, together with 5 per cent. profit, whichever is the higher.

3. Each of the parties shall be at liberty at any time and from time to time to acquire and take for its own use free from any pledge any portion of the stock then remaining pledged, subject to the following conditions:—

- (a) Neither party shall be entitled so to acquire in any one month dyestuffs of a total value greater than one-fourth of the amount of the original advance.
- (b) If any demand by either of the parties to acquire such dyestuffs shall include more than one-half of the stock of any particular dyestuff then remaining pledged, the other party shall have the option within one week to take up to one-half the stock of such dyestuffs in priority to the first-mentioned demand.
- (c) The price to be paid for the dyestuffs so taken shall be the value of the same at the price at which they have been valued for the purpose of the advance. If such dyestuffs be acquired by the German Government they shall be paid for in cash before delivery and such cash shall be applied in repayment of the said advance. If they be acquired by the Allied Governments the acquisition shall operate as a satisfaction *pro tanto* of the advance.

4. All questions arising under this arrangement, whether as to price or as to the proper custody or protection of the stock pledged, shall be decided by the Inter-Allied Commission, and all expenses thereof in the administration of this arrangement shall be a first charge on the monies realised by the sale of the dyestuffs above-mentioned.

5. Should the amount of the advance not have been repaid before the expiry of six months from the date of the making of this arrangement the German Government shall pay in cash the balance of the advance and receive back any stock remaining in pledge.

APRIL 30, 1919.

Appendix 127

[*Resolution From the British Delegates Regarding the] Prohibition and Pre-emption Lists*

Resolution proposed by the British Delegation :—

"That the German Government should be informed that the Allied and Associated Governments do not desire to exercise their right of pre-emption under the terms of the telegram of the 24th March, except in the case of dyestuffs and coal, and that therefore all other commodities except war material, gold, silver, and securities, may be exported freely."

MAY 2, 1919.

Appendix 128

[*Resolutions From the Finance Section Regarding the] Removal of Restrictions on Trade With Germany*

(Extract from the minutes of the tenth meeting of the Finance Section)

9. RELAXATION OF FINANCIAL RESTRICTIONS.

In connection with the proposals recently considered by the Supreme Economic Council with regard to the immediate relaxation of the blockade,

It was agreed that the Finance Section make the following recommendations to the Council :—

(1.) That the financial Black List be suspended (if this has not been done already) and an announcement be made that neutrals are entirely free to extend credits of any kind to Germany or its nationals.

(2.) That German-owned cash, balances and bills already in neutral countries are freely available in payment for imports.

(3.) That the proceeds of exports from Germany be freely available in payment for all kinds of permitted imports.

(4.) That the Finance Section shall have discretion to grant licences for the export of gold and securities from Germany in payment for imports on application from the German authorities.

(5.) That the above be communicated to the Financial Commission at Villette and to the Committee of Neutral Financiers, and their suggestions be invited as to what further relaxations are desired by them.

Appendix 129

Control of High-Powered Wireless Stations in Germany

(Extract from the minutes of the Blockade Section)

The British Delegation submitted to the Council copies of telegrams (Annex 5 of the Agenda), from which it appeared that it was impossible under the terms of the Armistice for the Associated Governments to control the high-powered wireless stations in Germany. The Council noted said telegrams and referred the same to the Supreme Economic Council for its information.

[Annex No. 5]

Pursuant to Minute 92 of the fourteenth meeting of the Superior Blockade Council, and Minute 79 of the meeting of the Supreme Economic Council, held on the 9th April, the following telegram was sent to the Armistice Commission at Spa on the 11th April:—

“S. 204. Please communicate to the Germans following rules under which commercial communications on the subject of trade of the character authorised by the Associated Governments will now be permitted until further notice with all firms in neutral countries:—

“1. All available routes may be employed. 2. Communications regarding German imports must for the present refer only to foodstuffs. 3. Communications regarding German exports must refer only to commodities other than gold, silver, securities or other negotiable instruments and material of war. 4. Speculative transactions will not be permitted. 5. Telegrams must be *en clair*, and must be readily intelligible and contain no hidden meaning. They must be in French or in English, or in Italian in the case of messages exchanged via Italy or Italian colonies. Telegrams must refer solely to commercial matters. They must be signed with the name of the sender and addressed in full. In the case of telegrams sent via Italy or Italian colonies, Christian names must also be given. Registered addresses either in signature or address will not be permitted. The word ‘telegram’ is understood to include wireless messages. 6. Postal correspondence will likewise be permitted with regard to transactions of the character approved by the Associated Governments. It must be expressed in clear and unequivocal terms with the name and address of the writer shown clearly on the envelope. 7. Parcel post will not be permitted in either direction, but samples of the permitted commodities may be sent in postal packets. 8. The Associated Governments reserve power to detain any communication whatever without reason being given. No claim with regard to such detained correspondence will be considered. 9. The German high-powered stations at Nauen, Hanover,

and Berlin may be utilised for transmitting commercial telegrams under the conditions above laid down for communications by cable, but only under the control of Allied Commissions which will examine all messages to be transmitted through these stations, and will have power to stop them and to control the operating of the station. These stations can only be used for commercial service. 10. Censorships of Associated Powers are being informed accordingly.

The following telegram has now been received in reply:—

“Representative German Government to President British Armistice Commission

“Subject:—Extension of postal and telegraphic traffic between Germany and neutral countries.

“SPA, April 25, 1919.

“In note A.C. 1629 of the 12th April, 1919, the President of the British Mission announced the conditions under which an extension of postal and telegraphic communication between Germany and neutral countries would be permitted.

“The German Government agrees to the conditions laid down in paragraphs 1–8 of the note. With regard to paragraph 9, however, the German Government cannot accept the Allied control over high-powered wireless stations as required in that paragraph. Consequently, the German high-powered wireless stations will for the time being only be used for commercial communications to the same extent as they have been used during the war and during the Armistice.”

Appendix 130

Resolution From the American Delegates Regarding the Control and Expedition of Commercial and Relief Traffic on the Danube

It is essential that the navigation of the Danube be placed entirely under one authority. It is recommended that this authority should be a commission, comprising representatives of the four Associated Powers under an Executive President, reporting to the High Command. The Supreme Economic Council considers that, on account of his wide experience on the Danube, Admiral Troubridge, R. N., should be the President of this Commission. The American representative will be appointed by the Director-General of Relief.

In addition to its military functions this authority should be charged especially to organise to the utmost possible extent the reopening of normal commercial traffic conditions on the Danube, and in this respect report direct to the Communications Section of the Supreme Economic Council.

In order to save time the Communications Section should communicate directly with this authority on economic subjects respecting the

Danube, provided that copies of such communications are at the same time sent to the High Command.

In order to expedite commercial and relief traffic, the Relief Administration in Roumania, Serbia and the former Austro-Hungarian Empire should be authorised to issue permits for the unimpeded movement of vessels, these permits being recognised by the Danube Commission mentioned above, subject only to military exigencies.

Appendix 131

Report by the Committee of the Raw Materials Section on War Stocks

The Raw Material Section, in submitting the annexed report* to the Supreme Economic Council, desire to represent the extreme urgency of supplying raw materials to the countries named therein. Without the supply of raw materials there is no hope for the peace of Europe. The Section therefore recommends that the matter should be immediately laid before the Council of the Heads of Governments with a request that they will give such directions to the Financial Authorities of the Associated Governments as will make possible a solution of this question.

Appendix 132

Report to the Raw Materials Section Regarding the Requirements of Raw Materials to Poland and Tchecho-Slovakia

The Committee on Supply of Raw Materials and Sales of War Stocks has been examining the requirements of the European countries in special need of relief, and now finds itself in a position to make the following recommendations:—

1. It is neither possible nor desirable on the information at present available to make complete and final allocations of each article, but the Committee hope to be able shortly to present a comprehensive memorandum setting out the most urgent requirements of Poland, Tchecho-Slovakia, Roumania, Serbia, &c. In the meantime, having hitherto given special attention to the cases of Poland, Tchecho-Slovakia, the Committee submit the following specific recommendations as being of extreme urgency. They are satisfied that the prompt supply of the commodities specified within the limits indicated is of very great importance; in the case of the Polish textile industry in particular, the advantages of providing employment can hardly be overestimated.

*See Appendix 132. [Footnote in the original.]

2. If action is postponed, and if it is necessary to wait until some comprehensive scheme can come into operation, it will be impossible to begin transport until after midsummer and the importations will not begin to react upon trade until the autumn. For a few months, at all events, it is useless to expect private credits to be forthcoming to a sufficient extent to meet the requirements of these countries. The Committee therefore urge most strongly that their respective Governments should now assign a fund which the Committee (which was intended by the Raw Materials Section to be an executive body) may allocate at their discretion for the most urgent needs. The financial machinery for such a credit is, of course, a matter for the Finance Section to determine; but the Committee suggest for consideration that the nitrates to be furnished should be paid for from the proceeds of the coming sugar crop, whilst the proceeds resulting from the manufacture and sale of other supplies, such as textile raw materials, should be segregated to an extent sufficient for the purchase of further stocks of raw material and for no other purpose during the term of credit. If the condition of the exchange renders it impossible to use the actual funds for the purchase of further supplies, the funds should be segregated by the banks which are operating the scheme, and should be held subject to the disposition of the authorised representatives of the Associated Governments.

POLAND

(a) *Nitrate of Soda.*

This is the most urgent case. The nitrate can be employed during June as a top dressing for sugar beet if delivered at the end of May; it will largely increase the sugar content of the beet and will thus enable Poland to increase her exports and recover financial stability. The Syndicate of Polish Agriculturists can arrange the distribution by existing machinery. It is proposed that the nitrate should be supplied by the Nitrate Executive for joint account of the Governments interested in the Nitrate pool. The supply of 10,000 tons to Poland at once is recommended; cost about 250,000*l.* f. o. b. United Kingdom.

(b) *Textile Raw Materials. Cotton, Wool, Jute, and Accessories.*

The total amount of the credits required for the cotton, wool, and accessories, is estimated (on the basis of the detailed figures supplied by the British Economic Commission) at 5,000,000*l.* The quantity of cotton required has been calculated on the number of spindles capable of being put into operation without delay, on the assumption that for the present a single shift will be worked. As regards jute and jute sacks, an unlimited quantity of sandbags can be provided if required, and the low monthly ration of 700 tons per month for war jute is suggested.

(c) *Agricultural Implements.*

To be specified.

Conclusion.

The Committee recommend that a credit of $6\frac{1}{2}$ million pounds should be provided in some way, if possible, to cover for a period of three months these most pressing needs, after which further credits will probably become necessary.

TCHECHO-SLOVAKIA

Exports.—The Committee understand that Tchecho-Slovakia is, or will shortly be, in a position to export a large amount of sugar; also machinery, timber, glass, hops, and kaolin.

(a) *Requirements of the Metallurgical and Metal-working Industry.*

Copper—Copper is urgently needed for various purposes, e. g., replacement of machinery parts which have been removed. The telephone service is stated to be suspended. Copper is also much wanted for electrical machinery. An import of 7,500 tons for three months is recommended, cost 600,000*l.*, at 80*l.* per ton.

Anti-friction metal is specially required for the completion of locomotives. A detailed report on this subject, and on requirements of tin, will be furnished.

Ferro-manganese is much needed for improving the quality of the products of the extensive iron industry (30,000 workers); but it is understood that negotiations with Sweden for the supply of this commodity are now in progress.

(b) *Cotton.*

The mills are stated to be in good order, and the operatives have not been dismissed. On the basis of the number of spindles a monthly ration of 20,000 bales is recommended. Cost for three months, 1,500,000*l.*

(c) *Wool.*

On present information a credit of 1,500,000*l.* is recommended.

Conclusion.

Taking into account the requirements for accessories (e. g., belting) the preliminary total figure of 3,500,000*l.*

It is recommended that a credit should be provided, if possible, to cover these requirements.

Supreme Economic Council: Seventeenth Meeting Held at the Ministry of Commerce [on 12th May, 1919, at 10 a. m.]

The Supreme Economic Council held its Seventeenth Meeting on Monday, 12th May, 1919, at 10 a. m. under the Chairmanship of Lord Robert Cecil.

The Associated Governments were represented as follows:—

UNITED KINGDOM.	Sir Wm. Mitchell Thomson. Sir. Wm. Goode. Mr. Layton.
UNITED STATES.	Mr. McCormick. Mr. Hoover.
FRANCE.	Mr. Norman Davis. M. Clémentel. M. Claveille. M. Seydoux.
ITALY.	Signor Crespi. Prof. Attolico. Com. Ferraris.
BELGIUM.	M. Jaspar. M. de Cartier de Marchienne.

147.

The Minutes of the Sixteenth Meeting were approved.

148. Conditions in Hungary.

(a) With reference to Minute 131 (i) it was noted that the Council of Foreign Ministers at their Meeting on 9th May had decided:¹

“to authorise the Supreme Economic Council to take all preparatory measures to remove the blockade restrictions on Hungary, without further reference to the Supreme Council as soon as the General Staff informs them that order has been re-established in the country”.

It was agreed that the Blockade Section should keep in touch with the Supreme War Council at Versailles with a view to ascertaining when the necessary instructions for the removal of the blockade on Hungary could be given.

(b) With reference to Minute 131 (ii) it was noted that the question of facilitating the export of foodstuffs from the Banat to Austria and Hungary was receiving the attention of the Council of Heads of States and that there was no further action to be taken by the Supreme Economic Council for the time being.

¹ See FM-13, minute 6, vol. iv, p. 693.

149. Prohibition and Pre-emption Lists.

(a) The resolution (127)² suggesting that the Allied and Associated Governments should waive their right of pre-emption, except as regards dyestuffs and coal, under the terms of the telegram of March 24th was again submitted but, owing to the absence of M. Loucheur, it was decided that the matter should be considered at a Special Meeting of the Council to be held on Tuesday, 13th May at 12 noon.

(b) The French Delegates reported that 50 tons of dyestuffs were urgently required for French factories engaged in preparing Military cloth and requested that authority might be given for the supply of this quantity from Germany.

It was agreed that the matter should be considered at the next meeting of the Council, if necessary.

150. Relations With Germany.

(i) With reference to Minute 133 the following decisions reached by the Council of Heads of States were reported:³

(a) "that semi-public communications should be at once entered into with the border neutrals with a view to securing from them such undertakings as would, if necessary, enable the Blockade to be re-imposed even more effectively than before;

(b) That a public statement should at once be issued making clear what modifications in the Blockade have already been made and concluding with a statement that all the rest of the Blockade against Germany would be removed the moment Peace was signed,"

it being understood that the removal of the Blockade would not apply to Bolshevik Russia.

The American Delegates stated that they had not understood that a decision had definitely been reached as outlined in Clause (a) above, and pointed out that in their view such action might have a very detrimental effect upon German finance as a whole.

It was agreed:—

(a) that the scheme (133) for the instant application, in case of need, of the fullest possible pressure of Blockade upon Germany prepared by the Blockade Section in accordance with Minute 136 of Proceedings of the Council should be submitted immediately to the Council of Heads of States;

(b) that the announcement to be issued setting forth what modifications on the Blockade had already been made should be prepared and published as soon as possible.

(ii) The American Delegates referred to the meeting to be held immediately with the German Financial Authorities with a view to arranging additional means of payment for foodstuffs and enquired

² *Ante*, p. 241.

³ See CF-3, minute 2, vol. v, p. 522.

what assurances could be given to the German Delegates with respect to delivery of foodstuffs or return of money and securities in the event of the blockade being reimposed.

It was agreed that the representatives of the Associated Governments should be authorised to undertake that, in the event of it becoming necessary to restore the blockade, the Associated Governments would either deliver food, to the full amount of the money and securities put up by Germany, or would return to Germany that portion of the money and securities representing the amount of food not delivered.

In this connection the Director General of Relief pointed out the serious predicament in which the American Relief Administration would find itself in the event that the blockade on Germany were reimposed; that the Germans have not put up money and securities sufficient to cover the commitments of food because they could not be assured that they would be allowed to receive the food; that the shipment of food now beyond possibility of diversion was far in excess of the funds deposited by the Germans.

The British Delegates remarked upon the gravity of the situation and expressed the opinion that proper steps should be taken to the end that all losses should be borne by the various governments as an expense incident to the conduct of the war.

It was agreed:—

(a) that all shipments by the Relief Administration landed at, or en route for, European ports and intended for the revictualling of Germany which may be kept from going into Germany by the re-establishment of the blockade, shall be taken off the hands of the American Relief Administration by purchase by the Allied Governments.

(b) that the delegates on the Food and Finance Sections should prepare immediately a scheme for dealing with the above food supplies in the event of Germany refusing to sign the preliminaries of peace.

151. Trade With Occupied German Territories.

With reference to Minute 134 it was reported that owing to non-delivery of the requisite information regarding the reported export of commodities from the occupied to the unoccupied territories the French Delegates had been unable to investigate the matter in detail but they undertook to present a report at the next meeting of the Council.

152. Import of Raw Materials Into Germany.

A Resolution from the Raw Materials Section (134) suggesting that Germany should be permitted to import specified quantities of certain articles urgently required for the coal mining and other essential industries, and which can be supplied from German stocks in neutral countries bought and paid for prior to 7th May was submitted and approved.

It was agreed:—

(a) that the Blockade Section should be instructed to set up immediately the necessary machinery to control the importation of these commodities into Germany:

(b) that the present regulations (see Minute 79.d.) governing German communications as to German imports of foodstuffs should be amended by the addition of the words:

"and such raw materials as may from time to time be approved by the Associated Governments."

153. Situation in the Baltic States.

With reference to Minute 132 it was reported that the Council of Foreign Ministers had decided:⁴

"that a Committee consisting of an American, British, French and Italian economic, naval and military representative should be appointed to report on the best means of keeping and maintaining order in the Baltic States and of revictualling the population and that the Committee had been instructed to report to the Council of Foreign Ministers as promptly as possible." (135)

154. Enemy Tonnage.

(i) With reference to Minute 104 a statement from the Allied Maritime Transport Executive (136) regarding the use of enemy tonnage and the possibility of utilising Belgian crews was submitted.

The American Delegates pointed out that, in the event of enemy tonnage eventually becoming available for the relief of liberated territories, some portion of it would presumably be allocated for revictualling Belgium and, if that were so, they submitted that the Belgian Government should be in a position to use Belgian crews for such Trans-Atlantic boats if they so desired it.

The Belgian Delegates stated that their Government required boats of over 2,500 tons and requested that some vessels of at least 3,500 tons should be placed under Belgian management.

It was agreed:—

(a) that the Belgian Government should be requested to provide the Transport Executive at the earliest possible date with full details regarding the number of Belgian officers, engineers and seamen now seeking employment;

(b) that the Transport Executive should endeavour to use these crews for manning the ships at present unallocated;

(c) that if after the completion of these arrangements the Belgian Government are dissatisfied with the division made, the matter shall, at their request, be reconsidered by the Council;

⁴ See FM-13, minute 5, vol. iv, p. 687.

(ii) A note (137) from the Shipping Executive with reference to the use of enemy ships under French management was considered (see Minute 141 of S. E. C.).

The French Delegates stated that all the boats, except two, originally intended by the French Marine for the transport of coal to the Black Sea had been re-directed to the service for which they had been set aside by the Transport Executive and they requested that the two remaining ones which were now actually on passage should be allowed to proceed. They pointed out, further, that in the allocation of this tonnage due attention must be paid to the military necessities of the Allies and that immediate assistance regarding the repatriation of German prisoners at Salonika was essential.

It was agreed:—

(a) that it is imperative that the original allocations of enemy tonnage made by the Allied Maritime Transport Executive should be maintained and that if enemy tonnage is required for special services the matter should be submitted to the Transport Executive;

(b) that, subject to the already settled priorities, the Transport Executive should have regard to the military necessities of the Allies as determined by the Military representatives at Versailles. In case of difference of opinion the matter should be settled by the Supreme Economic Council and finally by the Council of Heads of States, it being understood that pending a decision the allocation of the Transport Executive should be carried out;

(c) that the Transport Executive should be requested to consider whether an exception could be made to allow the two boats now on passage to Salonika to proceed to their destination as desired by the French Government.

155. Work of the Shipping Section.

A memorandum (138) prepared by the British Delegates suggesting certain modifications in the organisation of the Shipping Section was submitted and referred to the Shipping Committee for consideration.

156. Control of Traffic on the Danube.

With reference to Minute 143 the President reported that the Council of Heads of States had agreed to the proposal that a telegram should be sent to General Franchet d'Esperey regarding the control and expedition of commercial relief traffic on the Danube, and he requested that the telegram might be despatched without further delay.⁵

157. Health Conditions in Southern & Eastern Europe.

Reference was made to a letter from the International Committee of the Red Cross dated 31st March (139) regarding the appointment of a sanitary commission to combat the outbreak of disease in South-Eastern

⁵ See CF-3, minute 5, vol. v, p. 524.

Europe and it was agreed to request the League of Red Cross Societies to investigate the conditions in this area and prepare if necessary a report for the Council indicating what assistance from the Allied & Associated Governments is desirable as regards medical advice, medical or sanitary supplies and finance.

It was the view of the Council, however, that outbreaks of disease in any of these districts should be cared for so far as possible by the local authorities.

Appendix 133^a

Scheme Prepared by the Blockade Section on Blockade Upon Germany

In accordance with the instructions given by the Supreme Economic Council at its meeting on the 5th May, the Superior Blockade Council and the Military and Naval Experts consulting with the Council submit to the Council of Four the following papers:—

In case the German Government should refuse to accept the Preliminaries of Peace, the following measures should be immediately taken if the Associated Governments should decide to have recourse by means of economic coercion:—

(A)—*Declaration of Formal Blockade.*

Declaration of a formal blockade of the whole of the coast line in the occupation of the Germans, both in the Baltic and in the North Sea.

SECRETARY'S NOTE.—Since the adoption of the foregoing recommendation, information has been received from the British Admiralty that they have strong objections to the declaration of a formal blockade, and consider that the re-establishment of the system of blockade in force before the Armistice would be sufficient to accomplish the object in view, especially as more complete naval supervision of any permitted sea traffic between the northern neutrals and Germany is now possible.

(B)—*Danish, Dutch, and Swiss Land Frontiers.*

Consideration was given to the question as to whether the communications upon the Danish, Dutch, or Swiss frontiers on the German side could be cut by the Allied troops. The Sub-Committee appreciate the fact that, if all or any of these operations could be carried out, the efficiency of the blockade would be greatly strengthened, but they feel that these questions lie outside their province.

(C)—*Rhine.*

The maintenance of a completely effective control upon traffic between the banks of the Rhine.

^a Appendixes 133 to 139 are filed separately under Paris Peace Conf. 180.0501/34.

(D)—Bavarian Frontier of Germany.

The Inter-Allied Commission now in Vienna will take effective measures to prevent exports and imports between Austria and Germany.

(E)—Tchecho-Slovak Frontier of Germany. Polish Frontier of Germany.

Requests to the Governments of Tchecho-Slovakia and Poland effectively to prevent any trade with Germany.

The Sub-Committee appreciate the supreme importance of Danzig and the Danzig Polish Railway for the revictualling of Poland, but they were advised by the representatives of the General Staffs that the occupation of Danzig and the control of the railway would entail naval and military measures of such importance that they cannot be considered at short notice.

(F)—Renewal to the fullest extent of Measures previously in force in the case of Neutrals in their Relations with Germany.

(a) The reimposition of the—

- (1) Censorship.
- (2) Black Lists.
- (3) Rations.

(b) Reconsideration of the present Free List.

(c) Withdrawal of all concessions made to the Germans under the Brussels Agreements so far as these concessions represent relaxations of previous blockade policy.

SECRETARY'S NOTE.—Concessions not related to the blockade were not considered by the Council to come within the province of this report.

General Note.

It would greatly increase the effectiveness of the blockade if the neutral Governments of the countries with whom agreements are now in force (Norway, Sweden, Denmark, Holland, and Switzerland) should consent forthwith to prohibit, if called upon by the Associated Governments to do so, all exportation, re-exportation, or transit of goods from or across their respective countries to or from Germany, except with the consent of the Associated Governments.

*Appendix 134**Resolution From the Raw Materials Section Regarding German Requirements for the Coal Mining and Other Essential Industries*

The following resolution was passed:—

Resolved—

“That the Supreme Economic Council be requested to authorise the Raw Materials Section to make a communication to the German

Economic Delegates at Versailles, through the proper channel, in the following sense:—

"The Allied and Associated Governments are prepared in principle to permit the import into Germany forthwith of specified quantities of the articles enumerated in the annexed schedule, in so far as these articles are required for the immediate needs of the coal mining industry or for other industrial needs of special urgency, and in so far also as these articles can be supplied from stocks in neutral countries which had been bought and paid for by the German Government or German firms prior to the 7th May, 1919.

"With this object the Allied and Associated Governments request the German Government to notify the Allied Armistice Commission of the stocks of these commodities which they desire to import and which are lying in neutral countries owned by the German Government or German firms, having been bought and paid for before the 7th May, 1919.

"The Allied Governments undertake that if and when these stocks have been declared to them they will be prepared to authorise forthwith the importation of these stocks into Germany in the quantities specified in the Annex hereto. The Allied and Associated Governments also undertake not to seize or requisition the stocks so declared for importation.

"This arrangement will only be valid during the Armistice."

NOTE

The commodities referred to in the annexed schedule are those given in the list of German requirements already received from Dr. Schacht, German Commissioner for Raw Materials.

It is proposed to revise the schedule on receipt of a more exact statement of the requirements for two months, which the German Delegates now at Versailles have undertaken to furnish.

The figures given are substantially those prepared in March by the Statistical Committee and approved by the Raw Materials Section.

They were compiled on the basis of half the monthly pre-war imports of the whole of Germany.

SCHEDULE

RATIONS FOR TWO MONTHS

Item	Tons	Remarks
Cotton—		
Raw American	53,694	Less 500 tons already allowed.
Linters	3,246	
Waste	1,550	
Yarn	2,547	
Wool—		
Merino, greasy	12,769	
" washed after dip	277	
Crossbred, greasy	8,569	
" backwash	139	
" washed after dip	1,010	

RATIONS FOR TWO MONTHS—Continued

Item	Tons	Remarks
Jute and tow	19,279	
Flax	2,954	
“ tow	1,255	
Hemp	3,395	
“ tow	1,205	
Other fibres	1,016	
Kapok	278	
Ramie, manilla, sisal	1,983	
Asbestos	1,650	
Graphite	2,660	
Kaolin	21,604	
Mineral lubricating oil	27,601	
Heavy benzine, cleaning oil	6,780	
Patent turpentine oil	· · ·	
Native paraffin (Ozokerite)	· · ·	
Petroleum, refined illuminating oil	62,095	Less 3,000 already allowed.
Gas oil	4,000	
Crude benzine	13,281	
Machine oil	27,601	Less 1,500 tons already allowed.
Borax	1,366	
Sulphur	3,605	
Pyrites	83,126	
Rags	2,500	
Cork	1,605	
Beeswax	155	
Rubber manufactured as required (no crude rubber)	· · ·	
Gum arabic	375	
Resinous and vegetable oils	· · ·	
Quebracho extract	· · ·	Deferred for further enquiry.
“ wood	9,357	
Valonia	3,333	
Hides and skins	30,930	
Bones	1,417	
Glue (leather)	915	
Tallow, train oil, &c.	6,211	
Cottonseed oil	1,357	
Copra	16,328	
Palm kernels	19,660	
Peanuts	8,174	
Flax seed (linseed)	46,350	
Cottonseed	18,249	
Sesame	9,670	
Japanese soya	10,479	
Rapeseed	12,370	
Tobacco	6,747	
Chrome ore	4,000	
Iron ore	950,930	Estimated.
Manganese ore	55,923	
Lead	3,534	
Copper	27,273	
Nickel	136	
Tin	978	Already fully drawn.
Zinc	· · ·	Deferred for further enquiry.

Appendix 135

Decisions Arrived at by the Council of Foreign Ministers at Their Meeting of May 9 [With Reference to] Policy in the Baltic

It was agreed that a Committee, consisting of an American, British, French, and Italian economic, naval and military representative, should be appointed to report on the best means of keeping and maintaining order in the Baltic States, and of revictualling the population.

The following were appointed to form part of the Committee, with instructions to report as promptly as possible:—

America, United States of—

Mr. Hoover.
Admiral Benson.
Colonel Logan.
British Empire—
Sir E. Howard.
Sir Wm. Goode.
Admiral Hope.
General Thwaites.

France—

M. Seydoux.
Admiral De Bon.
Colonel Georges.

Italy—

Admiral Grassi.

It was further agreed that the Foreign Ministers of Great Britain and France should consider the question of making a small money advance, estimated at a total of 200,000 fr., to the Estonian Government.

Appendix 136

Statement From Allied Maritime Transport Executive

1. The Executive state that they are preparing a statement (which should be ready within a few days) of the arrangements made with regard to enemy tonnage, including its employment from the 22nd March, when the first German vessel left Germany, until the 1st May, and they propose to issue periodical monthly statements henceforward.

2. In the five weeks following the Brussels Agreement, 900,000 tons gross of German shipping was in fact acquired from Germany, and of this 550,000 was actually in operation on the 1st May. In addition, practically all the ships suitable for transatlantic work are in operation.

3. The executive report that in no case have operations been at any time delayed by insufficiency of crews, either British, French, or Italian.

4. The executive report, with regard to the suggestion to employ Belgian crews, that (a) all arrangements have already been made for the running of vessels over 2,500 tons, and they consider it very undesirable to cancel these arrangements; (b) they have no information at present as to the number of Belgian officers, engineers, and seamen now seeking employment; and (c) as stated above the crews have so far been easily forthcoming from among the unemployed members of the mercantile marines of Italy, Great Britain, and France.

In view of these considerations, they suggest that a certain number of the small vessels under 2,500 tons still to be delivered might be turned over to Belgian management, the steamers being taken equally from the British and French allocations.

It will, of course, be borne in mind that the Armistice period may be nearly at an end, and the decision as to the number of vessels to be turned over to Belgian ownership may soon be known.

Appendix 137

[*Note From the Shipping Executive With Reference to the] Use of Enemy Tonnage*

At a meeting of the Shipping Executive on Wednesday the question referred by the Council of the disregard by the French authorities of the allocation of a number of Austrian vessels made by the Transport Executive in London was considered, and M. de Lubersac reported that steps had been taken to ensure that the decision of the Executive was complied with.

A telegram has now been received from London stating that at the meeting of the Transport Executive on Thursday the French representatives submitted a letter to the effect that the allocations of Austrian cargo boats which the French had previously intended to use for Black Sea coal had been put right. He reported verbally, however, that the French Ministry of Marine were not accepting the decision, but were actually taking steps for the boats, or some of them, to proceed to Constantinople, in contravention of the Executive's decision.

The Transport Executive decided to report urgently to the Supreme Economic Council that it is imperative that the French Government should secure that the French Marine complies with the decision, as these boats are urgently required for relief purposes, and the Executive attach the utmost importance to the maintenance of original allocations.

MAY 9, 1919.

Appendix 138

Memorandum by Mr. T. Lodge (British Shipping Controller's Representative in Absence of Sir T. Royden) [Regarding the] Work and Organisation of the Shipping Section

I attach a brief note on the work of the Transport Executive and Shipping Committee.

When the Shipping Committee and Transport Executive were created by the Council it was recognised that actual executive work in relation to shipping could only be effectively carried out in London, and the experience of the last month has amply confirmed this view. At that time, however, it was felt that it was possible that questions of general principle might come before the Economic Council, on which it would be desirable to have the views of an Allied body available on the spot. There seemed some likelihood that the European political situation might involve a certain number of military expeditions of general Allied interest similar to the contemplated movement of Polish troops to Danzig. This has not proved to be the case, and neither the Shipping Committee nor the Supreme Economic Council has had to deal during the last month with any shipping questions of first importance, except the Italian coal question and the problem of supplementing the deficiency in the relief programme.

In so far as these questions involve shipping, they were dependent upon the allocation of British shipping, and consequently had to be dealt with mainly in London.

I suggest, therefore, that it is no longer necessary for the Shipping Committee in Paris to remain in existence, and that all its functions should be transferred to the London Executive.

MAY 7, 1919.

[Enclosure]

WORK OF SHIPPING SECTION

The Supreme Economic Council, having absorbed the functions of the Allied Maritime Transport Council, created an Allied Maritime Transport Executive to sit in London and to carry out the execution of decisions of policy arrived at by the Council. At the same time the Shipping Committee was created in Paris in order to advise the Economic Council on any questions of principle referred to it.

The London Executive has now been sitting for a month, and during that time has been mainly concerned with the numerous questions arising out of the acquisition of Austro-Hungarian ships, and the

handing over of German ships under the Trèves Agreement of the 17th January and the subsequent arrangements at Spa⁸ and Brussels.

The Executive has examined carefully the whole employment of all the big Austro-Hungarian tonnage, and has arranged for its employment either on common Allied military work or on the repatriation of troops, or, in the case of cargo tonnage, in meeting the demands for the supply of food to the liberated territories in Europe.

During this time practically the whole of the big German tonnage which was in German ports and fit for navigation has been handed over to the Associated Governments. The passenger ships are being employed on the repatriation of American and British Dominion troops, while the cargo ships are being allocated in the first instance to meeting the obligations undertaken by the Associated Governments with regard to the supply of food to Germany.

The Transport Executive have made arrangements with the Freight Committee of the Food Section of the Supreme Economic Council which would enable an effective programme of the German tonnage being made.

The Shipping Committee, in addition to dealing with a number of questions of minor importance, considered the following questions of policy:—

Representations had been made to the Economic Council that it was desirable to abolish all black lists, including the Ships Black List. The Ships Black List differs from the other black lists in that it had operated, not only to prevent neutral shipowners from assisting the enemy, but also to bring a substantial block of neutral tonnage into direct Allied service. There was also danger, in the event of this list being definitely abolished, that a large number of neutral vessels would immediately leave Allied employment. The Committee on this ground came to the conclusion that, on balance, the advantage of continuing the black list outweighed the disadvantage.

The Committee also had before them applications from the Greek and Belgian Governments that they should share in the management of German tonnage handed over under the Trèves Agreement. In view of the fact that such tonnage had to be used for relief purposes only, the Committee came to the conclusion that the complications which the introduction of a fresh Government into the arrangement would involve rendered it undesirable that the existing system should be modified.

The Committee agreed that the arrangements with regard to enemy tonnage should not in any way prejudice the ultimate disposition of the vessels under the Peace Treaty, and that, in the discussion of the ultimate disposition, no argument should be founded on their allocation for management or service in the meantime. They further agreed that the Associated Governments should not recognise any transfer of shares in enemy shipping which would make it more difficult to apply this principle.

⁸ See appendix 21, p. 49.

In accordance with the promise made to the Germans at Brussels, representatives of the Associated Governments had been stationed at Rotterdam to discuss various questions in detail, in particular the disposal of the cargoes on German ships lying in neutral ports.

MAY 7, 1919.

Appendix 139

Note for Mr. Hoover [From the Food Section Regarding] Measures To Be Taken To Check the Typhus Epidemic in South-Eastern Europe

As the result of a report of the International Red Cross Committee dated the 31st March, 1919, the Food Section has examined the measures which should be taken to check the epidemic of exanthematous typhus in the Ukraine, Poland, and Serbia.

There appear to be financial difficulties to overcome.

At present the specialists who cleared the Balkans of typhus in 1915 are in Paris.

It is simply a question for the interested Governments to put in train the necessary financial arrangements, and to call upon the specialists who know how the work should be carried out.

The epidemic will die out during the summer, but the necessary measures for killing it at its source should be taken now if a serious return of the epidemic in the autumn is to be avoided.

A. E. TAYLOR

MAY 9, 1919.

[Enclosure]

GENEVA, March 31, 1919.

HIS EXCELLENCY THE BRITISH MINISTER, Berne.

SIR: On the 1st March, 1919, the Sanitary Delegates from Poland, Ukrainia, Yugo-Slavia, and German Austria, in conjunction with the International Council for Hygiene and Prophylaxis located at Budapest and with the Austrian Department for Public Hygiene, met at the Red Cross headquarters to examine the question of the menacing invasion of exanthematic typhus which is reigning in Ukrainia, Poland, and Serbia, and to request the International Committee to intervene in the principal States of Europe with the view to the creation of an international sanitary commission armed with full authority and extensive means for combating the imminent danger.

This appeal was transmitted from the International Committee of the Red Cross by telegraph to the Central Committees of the Red Cross on the 4th March and again, in the same text, on the 20th March,

with the request that it be brought to the attention of the various Governments.

On the other hand, the Hungarian Government invited the Delegates sent by the International Committee to Budapest to take part in the Conference, which met in that town on the 12th March, between the Delegates of the Austrian, Hungarian, Polish, Roumanian, Tchecho-Slovak, Ukrainian and Yugo-Slav Governments armed with extensive powers to take a hand in the struggle against infectious diseases, especially exanthematic typhus which is gravely menacing Eastern Europe.

This Conference decided on concerted action by the different interested States, and requested the International Committee of the Red Cross to send a Delegate to Budapest as president of a permanent bureau to be created to this end. This Delegate, one of the members of the International Committee, will leave in answer to this call as soon as the interested State comes to a decision regarding the definite meeting place of this Conference.

The information received by the International Committee is becoming more and more alarming; Ukrainia and Galicia are seriously contaminated and the contagion is spreading to the west; no sanitary barrier is in operation in those regions where filth, confinement in crowded living quarters, privations of all kinds, and malnutrition constitute an atmosphere only too favourable to the spreading of the epidemic.

It is most urgent that decisive steps be taken without delay before the situation assumes still graver proportions.

We think that your Government will decide, with us, that a combined intervention should be carried out as promptly as possible with extensive means, both in personnel and sanitary material, so as to give this undertaking the scope demanded by the very critical situation in Eastern Europe.

Very sincerely, &c.

DR. FERRIERE

*Vice-President of the International
Committee of the Red Cross*

P. S.—Attached are a few extracts taken from reports recently received from our Delegates in Eastern Europe.¹⁰

¹⁰ Not found with file copy of the minutes.

Supreme Economic Council: Special [Eighteenth] Meeting Held at the Ministry of Commerce [on 13th May, 1919, at 12 Noon]

The Supreme Economic Council held its Eighteenth Meeting at the Ministry of Commerce on Tuesday, 13th May, 1919, at 12 noon under the Chairmanship of Lord Robert Cecil.

The Associated Governments were represented as follows:—

UNITED KINGDOM.	Sir Wm. Mitchell Thomson.
UNITED STATES.	Mr. McCormick.
FRANCE.	Mr. Norman Davis. M. Clémentel. M. Loucheur.
ITALY.	Signor Crespi. Prof. Attolico.
BELGIUM.	M. de Cartier de Marchienne.

158. Prohibition and Pre-emption Lists.

The resolution (127)¹ suggesting that the Allied and Associated Governments should waive their right of pre-emption, except as regards dyestuffs and coal, under the terms of the telegram of 24th March was again considered.

The French Delegates stated that their Government considered it undesirable for political reasons, and in view of the negotiations now proceeding with the German Delegates at Versailles, to take any action which would appear to indicate that the Allied and Associated Governments were prepared to grant any further relaxations to Germany pending the signing of the Preliminaries of Peace.

After some discussion it was agreed:—

(a) that the existing privileges which Germany now has permitting the free export over her land frontiers of commodities other than gold, silver securities and war materials of all kinds, should be retained;

(b) that Germany should be permitted to export to neutrals by sea and without restriction one-third of the balance of her exportable surplus of any of the commodities on the pre-emption list;

(c) that the Allied and Associated Governments should have absolute right of purchase at fair and equitable prices over the remaining two-thirds of the balance of the exportable surplus of any of the commodities on the pre-emption list;

¹ *Ante*, p. 241.

(d) that the prices at which such purchases are to be made should be fixed by the representatives of the Allied and Associated Governments on the Council of their experts;

(e) that the German Government should be notified accordingly.

The Delegates on the Blockade Section pointed out that unless a system of export licences were enforced they feared it would be impossible to keep any adequate check or control on the exports from Germany authorised by the above decision and it would rest with the German Government to ensure that goods were not exported in violation of these rules.

159. Relations With Germany.

With reference to Minute 150 a draft statement setting out the present position with regard to the Blockade of Germany was submitted, amended and approved.

It was agreed that the statement as amended (140) should be transmitted to the Council of Heads of States for approval and subsequent publication.²

Appendix 140³

[Statement for Submission to the Council of Heads of States Concerning] the Present Position With Regard to the Blockade of Germany

The Supreme Council of the Principal Allied and Associated Governments have authorised the following statement as to the present position of the blockade against Germany. Arrangements have been made to remove the blockade against Germany immediately and completely as soon as the German representatives have signed the Treaty of Peace.

In the meantime the following temporary relaxations have already been made for the duration of the Armistice:—

1. *Foodstuffs.*—The import of foodstuffs into Germany is now free within the limits of a monthly ration of 300,000 tons of cereals and 70,000 tons of fats. Foodstuffs within the ration may be exported to Germany without formality from any country which is prepared to allow the export to her. Fish imported from the neutral countries contiguous to Germany does not count within the ration. Since the 25th March, 1919, the quantity of foodstuffs delivered in Germany by the Associated and Allied Governments has amounted to about 400,000 tons. In effect Germany is now free to import all the food for which she can pay.

² See CF-12, vol. v, p. 599.

³ Appendix 140 is filed separately under Paris Peace Conf. 180.0501/34.

2. *Exports.*—Exports of gold, silver, securities and war material are prohibited. Other exports over land frontiers are free. As to overseas exports, the Allied and Associated Governments have retained certain rights of pre-emption over coal, dyestuffs, and certain other commodities. Other articles can be exported freely to any country prepared to accept them.

3. *Black Lists.*—All black lists of firms and persons in neutral countries have been withdrawn, and all disabilities attaching to trade and communications with such firms and persons have ceased to operate.

4. *Communications.*—Commercial correspondence with regard to the export and import trade of the character indicated above is permitted, subject to certain regulations which have been accepted by the German Government and to the enemy trading laws of the belligerent countries.

5. *Fishing Area.*—The area open to German fishing craft has been largely extended. A quantity of net thread, &c., for repair of nets has been allowed to proceed from Holland in accordance with a request of the German Government.

6. *Exports from the Allied and Associated Countries to the Countries Contiguous to Germany.*—There is a free list of articles which may now be exported without licence or other formality. In the case of other articles (except where a control has been retained for domestic reasons) the rules as to the obtaining of licences and guarantees have already been largely relaxed. Export will be further freed from formalities if a general guarantee is given by the Governments of the neutral countries concerned that they will prevent re-export of such imported articles to Germany without the consent of the Associated Governments.

7. *Raw Materials.*—Permission has been given for the import of raw materials urgently required for use in the German coal mines. Arrangements are being made for the early shipment of these supplies, subject to the necessary finance being forthcoming.

The principal difficulty with regard to the import of raw materials is the financial one. In order to obviate this difficulty as far as possible, the Supreme Economic Council has approved a plan whereby Germany may be permitted to import rations of raw materials for the urgent needs of the coal-mining and other essential industries, in so far as these requirements can be met from German-owned stocks in neutral countries.

MAY 13, 1919.

Supreme Economic Council: Nineteenth Meeting Held at the Ministry of Commerce [on 19th May, 1919, at 10 a.m.]

The Supreme Economic Council held its Nineteenth Meeting on Monday 19th May, 1919 at 10 a.m. under the Chairmanship of Lord Robert Cecil.

The Associated Governments were represented as follows:—

UNITED KINGDOM.	Mr. Keynes. Mr. Wise. Sir Wm. Goode.
UNITED STATES.	Mr. Hoover. Mr. McCormick. Mr. Norman Davis. Mr. Baruch. Mr. Robinson.
FRANCE.	M. Clémentel. M. Loucheur. M. Claveille. M. Seydoux.
ITALY.	Com. Ferraris. Prof. Attolico.
BELGIUM.	M. Lepreux. Lieut. Col. Theunis.

160.

The Minutes of the Seventeenth and Eighteenth Meetings were approved.

161. Blockade of Hungary.

The following resolution submitted by the British Delegates was adopted:—

“That it is desirable publicly to announce that the blockade of Hungary will be suspended as soon as a Government is installed there which gives some assurance of settled conditions.”

It was agreed that the resolution should be submitted to the Council of Heads of States with a request for their observations regarding it.¹

162. Relations With Germany.

(i) With reference to Minute 150 (ii) an Extract from the Minutes of the 13th Meeting of the Finance Section (141) was submitted and the following proposals outlined therein approved:—

¹ See CF-23, minute 1, vol. v, p. 813.

(a) that any loss arising out of the food supplies not delivered to Germany by reason of a break-down of negotiations is a general charge whose distribution must be agreed between the Allied and Associated Governments when and if the circumstances arise:

(b) that in the event of such loss arising the German ships should be held as security to cover the loss.

(ii) The desirability of holding Austrian ships as security against loss incurred in the shipment of foodstuffs to Austria was considered and approved in principle. The matter was referred to the Finance Section to work out in detail.

(iii) The American Delegates suggested that there should be a clear definition of the policy to be adopted, in the event of the enemy signing the Treaty of Peace, in order to safeguard the Food and Relief Administrations of the Allied and Associated Governments against loss on foodstuffs shipped to Germany and Austria.

It was agreed :—

(a) that in the view of the Council such losses should be the first charge on German and Austrian assets assigned to reparation.

(b) that the Finance Section should be instructed to prepare a statement on the above lines for submission to the Council at its next meeting and subsequently for transmission to the Council of Four.

163. Blockade of Germany.

With reference to Minutes 150 (i) and 159 the Chairman reported :—

(a) that with one amendment the Council of Heads of States had approved, for publication, the statement prepared by the Supreme Economic Council (140)^{1a} explaining the present position of the blockade of Germany.

The amendment was as follows :—

That for the words “as soon as the German Representatives have signed the Treaty of Peace” in the first sentence should be substituted the words “as soon as Germany has formally accepted the Treaty of Peace”;

(b) that the following decisions had been reached by the Council of Heads of States regarding the re-imposition of the blockade of Germany should the necessity arise² :—

(a) That if blockade measures have to be re-imposed a formal blockade should be declared. No definite decision was reached as to whether the blockade measures should or should not be taken in the event of Germany refusing to sign the Peace Treaty; but it was understood that such preparations would now be made as would render it possible to give effect to the blockade measures proposed, in the event of its being necessary to take such action;

^{1a} *Ante*, p. 263; see also CF-12, minute 2, vol. v, p. 599.

² See CF-12, minutes 3 and 4, vol. v, p. 600.

(b) that the following *Démarche* to Neutral Governments should be made now:—

“it would greatly increase the effectiveness of the Blockade if the Neutral Governments of the countries with whom agreements are now in force (Norway, Sweden, Denmark, Holland and Switzerland) should consent forthwith to prohibit if called upon by the Associated Governments to do so, all exportation, re-exportation or transit of goods from or across their respective countries to or from Germany, except with the consent of the Associated Governments.”

164. German Exports.

With reference to Minute 158 a resolution from the Blockade Section (142) embodying information to be sent to the Allied Naval Armistice Commission, the Allied Blockade Committee and the Inter-Allied Trade Committees regarding the export from Germany of goods on the prohibition and pre-emption lists was submitted.

The question of maintaining an adequate check on German exports was again considered but it was agreed that the matter was one for consideration by the Blockade Section and that they should be authorised to take such action as they considered necessary to carry out the decisions of the Council.

165. Administration of the Occupied Territories.

A memorandum from the Sub-Committee on Germany (143) was submitted and referred for consideration to a special Meeting of the Delegates.

166. Payment on French Food Supplies to Germany.

An Extract from the Minutes of the 13th Meeting of the Finance Section (144) regarding the partition between the interested Governments of German gold in payment of foodstuffs was submitted.

It was reported that the principal questions involved therein had since been settled and that the French Government had agreed that in due course the proceeds of the sale of coal from the Saar basin to France should be credited to Germany in payment for food.

It was noted, however, that the price to be paid by the French Government for the coal obtained from the Saar Basin had not yet been fixed.

The French Delegates expressed the view that the Saar coal question was not Inter-Allied in character and, further, that it would be a mistake from a political point of view definitely to fix a price for coal supplied during the Armistice which would be different from the price mentioned in the draft Treaty of Peace.

It was agreed that the matter should be settled, if possible, by private consultation between the members of the special Committee on German

coal. In the event, however, of it being found impossible to come to an agreement it should be referred again to the Council.

167. Italian Coal Situation.

An extract from Minutes of the 13th Meeting of the Finance Section (145) on the finance of Coal supplies to Italy and a preliminary report (146) on the supply of coal to Italy were submitted.

The French Delegates pointed out that the statement made in the Finance Minutes to the effect that "France is reducing her British imports" was incorrect and it was imperative that the supply of coal to France from this, as from other sources, should be materially increased.

The Italian Delegates referred to the urgent necessity for the maintenance of the supply to Italy of 2,000 tons of coal per day from the Saar Basin and the French Delegates stated that they expected to be able to arrange this or possibly an even larger quantity.

It was agreed :—

(a) That the means of payment for French coal already supplied to Italy and the question of continuing those supplies should be considered jointly by the French and Italian Delegates;

(b) That, if no agreement were reached, the matter should, if necessary, be considered again by the Council.

168. Coal for Serbia.

A Resolution (147) from the Raw Materials Section suggesting that coal should be supplied to Serbia as soon as the question of the disposal of the Banat surplus of foodstuffs had been settled was submitted and approved.

In reply to an enquiry made by the British Delegates as to the source of supply of the coal the Director General of Relief stated that arrangements were now being made for an exchange of foodstuffs for coal from the fields claimed by Poland, Czecho-Slovakia and Germany.

169. Relief Operations.

(a) A Report (148) from the Director-General of Relief regarding relief operations in Europe during April was submitted for the information of the Council.

(b) The Chairman reported that at their Meeting on the 14th May the Council of Heads of States had considered the possibility of exercising economic pressure on countries appealing to the Allies for assistance and supplies and at the same time fighting with their neighbours in defiance of the wishes of the Council.³ It had then been decided to notify the Supreme Economic Council that economic pressure might

³ See CF-12, minute 5, vol. v, p. 601.

be applied and that the Supreme Economic Council was free to take such action as seemed to them desirable in such cases.

170. Situation in the Baltic States.

With reference to Minute 153 the proposals (149) placed before the Council of Foreign Ministers by the Committee appointed to report on the best means of establishing and maintaining order in the Baltic States and of revictualling the population were submitted for the information of the Council.

171. Work of the Shipping Section.

With reference to Minute 155 a resolution from the Shipping Section (150) recommending that the Shipping Committee should be abolished was submitted and deferred for further consideration at the next meeting of the Council.

It was noted that the first sentence of the Resolution should be amended to read as follows:—

“That we recommend that the Shipping Committee of the Supreme Economic Council be abolished and that the body responsible for dealing with all shipping questions connected with the Supreme Economic Council should be the Transport Executive in London, *it being understood that Belgium should have a representative on the Transport Executive.*”

172. Shipping in the Adriatic.

With reference to Minutes 73 and 105 a report (151) from the Sub-Committee appointed to consider certain representations made by the Jugo-Slavs relative to Austro-Hungarian shipping in the Adriatic, was noted.

173. Health Conditions in Southern and Eastern Europe.

With reference to Minute 157 a letter from the League of Red Cross Societies dated 16th May (152[A]) and a report from the British Delegates dated 17th May (153) regarding a scheme for combatting disease in Southern and Eastern Europe, were considered.

It was agreed.

(a) that the Council would be prepared to give every assistance in its power;

(b) that the Director General of Relief and the representatives of the various Governments on the Relief Administration viz:—

Sir Wm. Goode.

Mr. Wise.

M. Fillioux.

Capt. Caetani.

should act on behalf of the Council and prepare a definite plan in co-operation with the representatives of the League of Red Cross Societies.

174. Communications With the German Economic Delegates at Versailles.

It was reported that a scheme for the organisation of conferences and communications on current economic negotiations with German Economic Delegates at Versailles was being drawn up and it was agreed that the matter should be considered by the Council at their next meeting.

Appendix 141⁴*Extracts From the Minutes of the Thirteenth Meeting of the Finance Section (15th May)*12. MINUTE 150 OF THE SUPREME ECONOMIC COUNCIL (ANNEX H).⁵

Mr. Keynes said that in its present form the minute of the Supreme Economic Council would appear only to cover the losses that might be incurred by the United States Food Administration in the case of a breach with the Germans.

Mr. Davis said that he accepted a wider application of the principle, and agreed that the loss arising out of a breach should be considered as a kind of cost of the war which ought to be shared between all the Allied and Associated Governments.

It was agreed (1) that any loss arising out of the food supplies not delivered to Germany by reason of a breakdown of negotiations is a general charge whose distribution must be agreed between the Allied and Associated Governments when, and if, the circumstances arise; (2) that the Finance Section recommend to the Supreme Economic Council that in this event the German ships should be held as security to cover the loss.

Appendix 142

Extract From the Minutes of the Meeting of the Blockade Section Regarding German Exports

In pursuance of the foregoing action (Minute 158, S.E.C.)⁶ the Council adopted the following resolution:—

Resolved—

“That in consequence of the decision of the Supreme Economic Council of the 13th May regarding the execution of the Brussels Agreement, A.N.A.C., A.B.C., and I.A.T.C. should be informed:—

- “1. That the absolute prohibition upon the export from Germany of gold, silver, securities, and material of war, without the special consent of the Associated Governments, is rigorously maintained.

⁴ Appendixes 141 to 153 are filed separately under Paris Peace Conf. 180.0501/34.

⁵ Minute 150, p. 248.

⁶ *Ante*, p. 262.

- "2. That as regards other exports, including goods on the Pre-emption List, applications to the I.A.T.C. or other blockade authorities for permission to export may for the present be regarded as unnecessary, and any applications already made should be granted."

Further resolved—

"That the Supreme Economic Council shall be notified of the foregoing action in order that it may determine to what extent and in what manner the foregoing ruling of the Blockade Council shall be communicated to the German authorities."

MAY 15, 1919.

Appendix 143

Memorandum by the Sub-Committee on Germany Regarding the Administration of the Occupied Territories

The Sub-Committee on Germany draws the attention of the Supreme Economic Council to the following facts in connection with the present status of the Inter-Allied Rhineland Commission:—

1. On the 21st April the Council of Foreign Ministers considered proposals put forward by the Supreme Economic Council for the reorganisation of the economic administration of the occupied territories.⁷ These proposals included the establishment of an inter-allied commission, with full authority to co-ordinate the establishment of the four Army Commands on all economic, industrial, and food questions.

2. The Council of Foreign Ministers accepted the proposals without amendment, and, in so doing, agreed to issue orders that the decisions of the Commission should be uniformly executed by the Army Commands throughout the occupied zones.

3. The decisions of the Inter-Allied Rhineland Commission are, in conformity with the orders of the Supreme Council of Foreign Ministers, duly carried into effect by the British and United States Army Commands. The Inter-Allied High Command, however, requests that "the directions of the Inter-Allied Commission charged with the task of co-ordinating the administration of the four Army Commands on all economic, industrial, and food questions in the occupied territories should be submitted to the Marshal, Commander-in-chief of the Allied armies, who will ensure their execution.[""]

In view of these facts the Sub-Committee on Germany, with the object of ensuring that the Commission should be able to exercise in all zones the authority which was assigned to it by the Council of Foreign Ministers, requests the Supreme Economic Council to ask the Council of Foreign Ministers to take such steps as are judged expedient for this purpose.

MAY 16, 1919.

⁷ FM-7, minute 3, vol. iv, p. 600.

Appendix 144

Extracts From the Minutes of the Finance Section Regarding the Deposit of German Gold in Payment of Foodstuffs

Mr. Davis stated that the Germans had notified him that 200,000,000 marks in gold would be ready for departure on the 16th May.

It was agreed to confirm in writing to the German Finance Commission at Versailles that this gold should be deposited with the Netherlands banks at Amsterdam.

M. Celier said that he understood that this gold had been divided between the United States and Great Britain in the proportions of 9 to 1.

M. Celier thought that it would be an advantage if a definite rule could be established for the partition of such gold deposits so as to insure that all the interested Governments were equally covered in relation to their commitments on account of food.

The original theory had been that Germany would be required to put up finance as soon as the Allies were effectively involved in expenditure; that is to say, as soon as the foodstuffs were collected for loading. This rule, on account of the dilatoriness of the Germans, had not been adhered to, but no alternative rule had been framed to take its place. France had already delivered 2,000,000 fr. worth of palm kernels, 11,000,000 fr. worth would shortly arrive, 6,000,000 fr. had been spent on the left bank of the Rhine, and further contracts had already been entered into for more than 87,000,000 fr., yet no portion of the gold deposited by Germany had been apportioned to France.

Mr. Davis said that he was in entire accord with M. Celier as to the desirability of establishing a general rule, but that in practice this had been found to be impossible. If M. Celier had been at the joint meeting of the Finance and Food Sections he would realise what large risks both the United States and the British Governments were taking in the matter. Neither of those Governments were covered even to the end of May, whereas the French Government was in the position of being committed to an expenditure of 27,500,000 fr. until the end of May, and of having a claim pending against them by the Germans for 60,000,000 fr.

It was agreed that the French Government should certainly be covered in the same proportion as the other Governments, but that it was impossible to do this until the French Government furnished the Finance Section with a full statement of their account with Germany. Even then it would not be possible to fix a date up to which all Governments were covered at any time, seeing that on account of the

longer voyage the risk of American supplies was greater, so that a kind of balance would have to be struck and future deliveries taken into account.

Appendix 145

Extracts From the Minutes of the Finance Section Regarding the Finance of Coal Supplies to Italy

Professor Attolico said that shipments of French coal to Italy had now been restarted, and that France required Italy to pay for this coal in sterling on the ground that the more coal France sends to Italy the more she must buy in the United Kingdom. Professor Attolico contested this point of view on three grounds:—

1. As a matter of fact the resumption of supplies to Italy has happened at the very time when France is reducing her British imports, and there has consequently not been any additional expense incurred by France for coal purchases in England.

2. During the war the British market was the only market on which the French could draw for coal. The position is now different: France has three markets—the United Kingdom, Belgium, and Germany. There is therefore no longer any reason for assuming that what may be called the marginal coal of France is always necessarily British coal.

3. During the period of the Armistice the Saar coal is German coal, and Italy has a right to claim a share of the financial advantages which result from a privilege accorded by the Armistice to France.

M. Celier replied that until February 1918 the coal supplied by France to Italy had by agreement to be paid for in sterling. In point of fact nothing was ever paid for in any form of currency, but in February 1918 a new arrangement was made by which Italy replaced in the French channel ports coal from England to an amount equivalent of the exports to Italy from the mines in the south of France.

This arrangement was in operation until last autumn. The position is now that Italy holds large stocks of coal in England which, for lack of transport, cannot be made available in Italy, hence the necessity of French supplies; but since Italy objects to paying for these supplies in sterling and yet possesses quantities of coal in England, why not revert to the arrangement under which repayment to France was made in kind by British coal being put at French disposal in channel ports.

As to the arguments advanced by M. Attolico, M. Celier replied that the necessity of exporting coal to Italy deprived France of the possibility of making an equivalent economy in British imports, and that therefore, even if these imports were being reduced, it was fair that Italy should pay in sterling, seeing that but for the 5,000 tons

a day sent to Italy the demands of France on Great Britain could have been reduced by the same amount and no less. France was still importing about 1,000,000 tons a month from Great Britain and was receiving practically nothing from the Saar for herself, and only about 100,000 tons a month from Belgium. The United Kingdom is therefore still to all intents and purposes the only market upon which France can draw. In any case less than four-fifths of the actual coal sent to Italy came from the Saar Basin. In regard to the Italian claim to be allowed to share in the advantages of the occupation of the Saar Basin during the Armistice, M. Celier said that this was a new claim which raised wide political issues, and should be immediately submitted to higher authorities. The ground on which the Supreme Economic Council had asked the French Government to assist Italy with coal supplies was not that Italy had any claim to the Saar coal as a matter of right. M. Loucheur had agreed to help Italy with French coal as a matter of friendliness and goodwill, and if the question were now put upon entirely new and political grounds, M. Loucheur would probably feel it necessary to withdraw his [offer] until the Italian claims had been considered and determined by higher authorities.

Professor Attolico said that it was not correct to say that the Supreme Economic Council considered the Italian needs of coal without reference to the fact that France had now at her disposal extra coal in the Saar Basin which during the period of the Armistice remained German coal. Nor was the Italian proposal put forward on political grounds; it was purely a technical proposal which amounted to a claim that the coal supplied to Italy by France should not be considered as having been drawn entirely from the more expensive source in England.

M. Celier said that France considered all the Saar coal as entirely at her disposal. He could not agree to look upon Saar coal as German, seeing that France had paid for it by paying for the labour and the transport, feeding, and clothing the miners, and undertaking all the administrative expenses of the district.

Colonel Theunis thought the most that the Italians could ask for would be that they should be considered as receiving the same proportion of British and Saar coal as the French actually received, and this in effect would result in no alteration of the present arrangements.

Mr. Davis thought that if the quantity of coal received from England by Italy were x and by France y , then Italy should be considered as receiving x over y of the Saar coal.

Mr. Keynes drafted a resolution which was accepted by the British, American, and Italian representatives for submission to the Supreme Economic Council in the following terms:—

"That, during the Armistice period the coal received by Italy from France should be regarded from the point of view of payment as a partial set-off against the coal received by France from the Saar, and payment for it should correspond in form and amount to the payments made by France for the Saar coal.

"It is recommended that the proportion of Saar coal to be allotted to Italy shall bear the same relation to the portion kept by France as the total amount of coal received by Italy from England bears to the total amount of coal received by France from England."

The French and Belgian representatives were unable to accept this resolution, but agreed that the political aspects of the Italian claim should be referred to the Supreme Economic Council for decision.

Appendix 146

Report From the Coal Committee on the Supply of Coal to Italy

Supplies from France.—The amount of 6,500 tons per day, which it was hoped to supply to Italy from France and from the Saar, was not reached. The shipment of 5,000 tons per day, which was reached for a short time, has not been maintained. It is now stated that the shipment of the present quantity of 2,000 tons per day must be discontinued forthwith. Italy will thus be receiving no coal from France or from the Saar.

The following figures represent the French shipments of [to] Italy during March, April, and May:—

COAL SHIPMENTS TO ITALY FROM FRANCE

French Shipments to Italy	March 1919	April 1919	May 1, 1919 (up to 14th)
	Tons	Tons	Tons
French coal	13, 683	23, 494	10, 189
Saar coal	4, 586	30, 561	25, 726
Monthly total	18, 269	54, 055	35, 915
Grand total		108,239	

SITUATION IN FRANCE

The present position is attributed to the decrease in the production of the French mines as compared with 1918. It has also been attributed to a decrease in the shipments to France from Great Britain, but this appears to be due to a misapprehension since the figures, which have now been received, show that British shipments to France for French use have increased instead of decreased.

The following figures represent the production of the French mines in 1918 as compared with the production in 1919 plus the amounts received from Belgium and from the Saar:—

COMPARISON OF THE PRODUCTION OF FRENCH MINES IN THE FIRST FOUR MONTHS OF THE YEARS 1918 AND 1919

	French Mines		Saar and Belgium	Grand Total	Deficit in 1918 [1919?]
	1918	1919	1919	1919	
	Tons	Tons	Tons	Tons	
January	2, 244, 000	1, 893, 042	137, 939	2, 030, 981	213, 019
February	2, 093, 339	1, 679, 825	144, 205	1, 824, 030	269, 309
March.	2, 303, 343	1, 517, 690	193, 906	1, 711, 596	591, 747
April	1, 945, 609	1, 299, 462	171, 093	1, 470, 555	475, 054

It will be seen that the production of the French mines in March and April 1919 was 1,431,800 tons less than that in March and April 1918.

Figures for the exports from France and the Saar to Switzerland have not yet been received.

The result of this situation is that the gas works of Paris are stated to have only one or two days' stock, the Lyons gas works only two or three days', whilst the Est railways have only four or five days' stock.

SHIPMENTS FROM GREAT BRITAIN

(a) *To France*.—The shipments from Great Britain to France solely for French use (i.e., excluding shipments for British and American armies, &c., in France) have been as follows:—

	Tons
February	1, 067, 000
March	1, 112, 000
April	1, 109, 000
May, first thirteen days	697, 000

It will be seen therefore that supplies to France have materially increased during May.

(b) *To Italy*.—The shipments from Great Britain to Italy have been as follows:—

	Tons
April (about)	350, 000
1st to 13th May	233, 000

It will be seen that there has been a very large increase in the shipments during May.

CONCLUSIONS

It appears therefore that unless some alternative arrangement can be made at once the entire burden of the supply of coal to Italy will now fall upon Great Britain.

Two proposals are under consideration—

(a) To send British coal to Blaye for French use on the understanding that Italy will pay for this coal, and France will undertake to send at once to Italy shipments corresponding in quality and in quantity.

(b) To arrange for a larger share of the coal from the Saar to be sent to Italy.

Appendix 147

Extracts From Minutes of Raw Materials Section Regarding the Supply of Coal to Serbia

Resolution:—

"The Raw Materials Section considered a report made by the Sub-Committee on Supply of Raw Materials, &c., relative to the Serbian coal requirements. It was decided that Serbia should be given immediate relief as regards coal as soon as there was a satisfactory settlement of the Banat food surplus question. That this resolution should be submitted to the Supreme Economic Council and to the Food Section for information."

Appendix 148

[Report From the Director General of Relief (Hoover) Regarding Relief Operations in Europe During April]

THE SUPREME ECONOMIC COUNCIL.

MAY 15, 1919.

GENTLEMEN: The following relief measures were effected in combat of famine in various parts of Europe during the month of April.

The overseas supplies distributed were as follows:—

(Metric Tons)

Country	Bread-stuffs	Beans and Peas	Rice	Meats and Fats	Milk	Clothing	Potatoes	Mis-cella-neous	Total
Finland.....	26,477	-----	-----	386	220	-----	-----	173	27,256
Poland.....	38,495	2,377	-----	826	607	-----	-----	678	37,983
Estonia.....	4,000	200	-----	200	-----	-----	-----	-----	4,400
Lithuania.....	2,299	8	8	-----	-----	-----	-----	-----	2,315
Latvia.....	2,000	-----	-----	85	77	-----	-----	-----	2,162
Belgium.....	106,048	-----	-----	20,476	61	155	-----	2,253	128,993
Northern France.....	-----	-----	-----	1,373	747	87	-----	1,195	3,402
Germany.....	90,777	9,914	6,174	19,884	4,101	-----	50,809	1,188	182,847
German-Austria.....	45,381	2,845	6,200	14,670	693	-----	4,800	10,660	85,249
Czecho-Slovakia.....	58,200	-----	-----	5,423	464	-----	-----	-----	64,087
Greater Serbia.....	15,613	-----	-----	227	-----	-----	-----	-----	15,840
Roumania.....	22,220	268	-----	2,959	960	-----	-----	-----	26,407
Armenia and Turkey.....	3,953	-----	-----	-----	-----	-----	-----	-----	3,953
Bulgaria.....	7,049	-----	-----	-----	-----	-----	-----	-----	7,049
Total.....	417,412	15,612	12,382	66,509	7,930	242	55,609	16,147	591,843

These supplies represent the cargoes of about 120 steamers.

The total delivered value was approximately 147,800,000 dollars; the great bulk outside of Germany was furnished on deferred payments with probabilities of reimbursement dependent upon ultimate recovery of Europe.

In addition to the above, approximately 100,000 tons of foodstuffs of European origin were moved into areas of short supplies through the various agencies of the Relief Administration.

The total overseas supplies distributed (excluding 200,462 tons port stocks) from the 1st December to the 1st May, to the above countries were as follows:—

Breadstuffs	1,030,497
Rice	46,800
Peas and Beans	19,827
Fats and Meats	98,139
Condensed Milk	18,354
Potatoes . . . . .	.
Miscellaneous	49,763
Clothing	7,332

The total value being approximately 325,314,000 dollars.

Port stocks on the 30th April were as follows:—

	April 30th	March 30th	Increase or Decrease
Breadstuffs	96,114	144,786	-48,672
Beans and Peas	9,681	4,433	+5,248
Rice	17,136	6,406	+10,730
Meats and Fats	41,178	38,303	+2,875
Condensed Milk	15,678	2,905	+12,773
Miscellaneous	16,607	7,530	+9,077
Clothing	4,068	1,664	+2,404
Total	200,462	206,027	-5,565

Transportation.—The arrangements, made under the authority of the Council for indirect control of the railways in the old Austrian Empire by the Director-General and the Communications Section, have very greatly improved the movement of foodstuffs in that quarter during the month, the movement having on average more than doubled.

The arrangements made for transport of supplies to Tcheco-Slovakia from Hamburg via the Elbe instead of from Trieste have been completed during the month, and practically the entire supplies to this area are now moving by the river, much to the relief of the railway situation.

Tonnage necessities have again proved the limiting factor in food distribution, and have been far below actual need.

Coal.—The great decrease in coal production throughout the Eastern and Southern Europe has reduced supplies to a point so acute as to

threaten not only railway movement but also the most essential life services. The Council during the month authorised the Director-General and the Communications Section to undertake the provision of some essential materials, and with the stimulation of production, through the better feeding of coal miners and better distribution, it is hoped that this situation can be somewhat ameliorated.

Communications.—Arrangements have been perfected during the month for independent telegraph and wireless service between all of the principal capitals under direct control of operators employed by the Relief Administration.

Special Feeding of Under-Nourished Children.—This division has made most gratifying progress. National Committees, comprising principally women and physicians, have been established in all of the liberated countries and in German Austria. Sub-Committees have been created over the larger part of these areas. The work has been taken up with great enthusiasm and the Committees are receiving a large measure of local financial support. The equipment has been provided locally and the special foodstuffs necessary are in regular distribution through the Relief Administration. At the end of April 2,085,000 under-nourished children were receiving special rations, and the total cost of local and foreign services is estimated at about 5,000,-000 dollars per month.

General Food Situation.—While under-nourishment exists in several localities, leading to high mortality through non-resistance to disease, there was no acute starvation during the month, except in Armenia, certain sections of the Carpathians, and Bolshevik Russia. Armenia is solely a problem of internal transportation, and every human effort is being made to overcome the difficulties. The Carpathians are as yet inaccessible. The situation in the Baltic States, outside the Bolshevik areas, which was last month of so acute a character, is being rapidly improved.

HERBERT HOOVER

Appendix 149

Draft Report by [Committee of] Council of Five Respecting Maintenance of Order in the Baltic

At a meeting of the Council of Foreign Ministers, held on the 9th May, 1919, it was agreed:⁸

“That a Committee consisting of all American, British, French, and Italian economic, naval, and military representatives, should be ap-

⁸ See FM-13, minute 5, vol. iv, p. 687.

pointed to report on the best means of keeping and maintaining order in the Baltic States, and of revictualling the population."

The Committee met on the 14th May at the Ministry of Commerce.
The Committee were of opinion—

(a) That the maintenance of order was a necessary condition of the distribution of foodstuffs in the Baltic Provinces.

(b) That the present position in Lithuania and Latvia, by which the maintenance of order was entirely in the hands of the German forces, was extremely unsatisfactory and should in any case not continue long.

(c) That as the despatch of Allied troops to the Baltic Provinces was out of the question, the only alternative was the organisation of such native forces and volunteers from outside as might be obtainable.

They therefore decided, after thoroughly discussing the whole question in its different aspects, to submit to the Council of Foreign Ministers the following recommendations:

1. In accordance with Article 12 of the Armistice the Germans will be required to withdraw from Latvia and Lithuania as soon as they can be replaced by local organised forces, but must remain where they are until orders are issued. The organisation of local forces should be carried out with the least possible delay.

2. A competent Military Mission under British Command to be organised under a Lieutenant or Major-General with headquarters at Libau or Reval, for the purpose of advising the Governments of Estonia, Latvia, and Lithuania on questions of organisation, equipment and training of all local forces and such volunteer forces as may be raised from external sources, the Mission to be appointed for the purpose of advising the Governments aforesaid on the best means of defence against the Bolsheviks and for the exclusion of the Germans from their territories.

3. Volunteer forces mentioned in (2) to be raised by voluntary recruitment in the Scandinavian States, including Finland.

4. A credit of 10,000,000. to be placed at the disposal of the Baltic States by the Allied and Associated Governments, and to be applied as required under the arrangements of the political and military missions.

5. Food supplies, equipment, clothing, arms, munitions, &c., to be supplied by the Allied and Associated Powers, the cost being defrayed from the credit referred to in paragraph 4.

6. It will be the duty of the political and economic missions to see what collateral securities can be obtained from the three Baltic States to cover the credit referred to in paragraph 4 wholly or in part.

MAY 13, 1919.

Appendix 150

[Resolution From the Shipping Section Regarding the] Work and Organisation of the Shipping Section

The Memorandum (136 [138])^{*} prepared by the British Delegates, suggesting that the Shipping Committee in Paris should cease to function and that its work should be transferred to the Transport Executive in London submitted to the Supreme Economic Council and referred to the Shipping Committee for consideration, was considered by the Shipping Committee at the meeting held on the 14th May, and the following resolution passed unanimously:—

“That we recommend that the Shipping Committee of the Supreme Economic Council be abolished and that the body responsible for dealing with all shipping questions connected with the Supreme Economic Council should be the Transport Executive in London; that nevertheless it is essential that there should be resident in Paris a permanent adviser on shipping questions to the Supreme Economic Council in liaison with the Council and the Transport Executive to whom the Council could apply when urgent shipping matters arise in connection with negotiations now proceeding; and that the Shipping Committee recommend that the Council request the British representatives to appoint Mr. Lodge to act in this capacity.”

Appendix 151

[Report to the Supreme Economic Council by the Sub-Committee on] Shipping in the Adriatic

MAY 15, 1919.

SIR: I was advised, under date of the 24th April, 1919, of the appointment by the Supreme Economic Council of a Sub-Committee, composed of Captain Hardy (United Kingdom), M. Vignon (France), Commendatore B. Attolico (Italy), and myself (United States of America), as Chairman, which Sub-Committee was charged with the consideration of certain representations of the Yugo-Slavs relative to Austro-Hungarian shipping in the Adriatic.

The Sub-Committee has held four meetings, has had oral and written communication with representatives of the Yugo-Slavs, and the different members of the Committee have, through their respective governmental agencies, investigated shipping conditions in the Adriatic as affecting the Yugo-Slavs.

I now have the honour, on behalf of the Committee, to report as follows:—

The original representations of the Yugo-Slavs dealt with three aspects of the situation, namely:—

* *Ante*, p. 258.

1. The detrimental effect of the blockade of the Adriatic coast by the Italians.

2. The beneficial interest, through stock ownership, of Yugo-Slavs in ships of Austro-Hungarian flag and registry, which interest, it was claimed, should lead to a substantial tonnage of these ships being definitely attributed to Yugo-Slavia.

3. The need of remedial measures to ensure an increased utilisation of ships (seagoing and coastwise) for meeting the immediate economic needs of the Yugo-Slavs.

Prior to the appointment of our Committee, the blockade of the Adriatic coast, published by the Italians, was cancelled, thereby giving relief under the first point.

With regard to the second point, the Committee considered that it had no jurisdiction to determine or to make recommendations as to the permanent allocation of ships of Austro-Hungarian flag and registry. This the Committee regarded as the task of the Peace Conference. The Committee being aware that this question was already being considered by the Conference, Mr. Pachitch was informally advised in a letter, a copy of which is attached, to present his claims in this respect to the Peace Conference.

With regard to the third point, investigations, conducted independently by the representatives of Great Britain, Italy, and the United States, concurred in indicating that, from the point of view of the immediate utilisation of tonnage, conditions are as satisfactory as could be expected, given the continuance of a state of war with Austria-Hungary. In particular, coastwise shipping appears generally to be in movement in useful trade along the Dalmatian and Istrian coast. It is to be noted, however, that the action of the Allied Maritime Transport Council, taken at its sessions of the 1st-11th February, 1919, to the effect that Austrian vessels under 200 tons gross shall be used as determined locally by the Italian Government, does not appear to have become fully operative, and the Committee is of the opinion that the present situation should not be disturbed by an effort to give full and literal effect to this decision.

That the present situation is, from an immediate economic aspect, relatively satisfactory is confirmed by the fact that representatives of the Yugo-Slavs, although invited to do so, have failed to specify any concrete and detailed remedial measure which they regard as immediately desirable.

In view of the foregoing, the Committee does not feel that any action is required of the Supreme Economic Council in respect of the matters presented by the Yugo-Slavs above referred to.

Respectfully submitted,

JOHN FOSTER DULLES

Chairman

To the SECRETARY,

Supreme Economic Council, Paris.

[Enclosure]

MAY 12, 1919.

MY DEAR SIR: I have the honour to acknowledge receipt of your communication of the 3rd May, 1919, which has to-day been considered by the Special Committee of the Supreme Economic Council of which I am Chairman.

The Committee regrets that misunderstanding has existed as to the jurisdiction of the Committee in so far as relates to claims for the merchant fleet of the former Austro-Hungarian Empire. As explained to Messrs. Cingrija and Banaz on the 30th April, this is a question which, in our opinion, should be presented directly to the Peace Conference, and the Committee takes the liberty of informally suggesting to you that your claims in this respect should at once be presented to the Peace Conference, as the Committee is not aware of any group of experts which have been charged to study this question, but is, on the contrary, informed that claims of a character similar to your own have been presented directly to the Supreme Council of the Peace Conference, which may now be considering them.

With respect to the matter of the immediate utilisation of ships of Austro-Hungarian registry, the Committee is reporting to the Supreme Economic Council, which, after acting upon our report, will doubtless communicate with you.

I am, &c.

JOHN FOSTER DULLES

HIS EXCELLENCY HON. N. P. PACHITCH,
Hôtel Beausite, Rue de Presbourg, Paris.

Appendix No. 152A

[*Letter From the Director General, League of Red Cross Societies (Henderson), to] Miss Gertrude C. Dixon, British Council Officer, Supreme Economic Council*

PARIS, May 16, 1919.

MADAME: In reply to your letter of the 13th May, on the subject of the spread of epidemic diseases, especially typhus, in Southern and Eastern Europe, inquiring to what extent the League of Red Cross Societies could co-operate in alleviating the distress and suffering, and in preventing the spread of disease in these countries, I beg to inform you that, since its formation, the League has been seriously considering these questions.

I would draw your attention to the attached copy of the identic telegram of the 11th April, sent to M. Georges Clemenceau, Mr. Woodrow Wilson, Mr. Lloyd George, and Signor Orlando,¹⁰ in which

¹⁰ Appendix 152B, *infra.*

it is stated that "the assistance (in relation to the control of typhus fever) must be rendered on a colossal scale, and only the great Governments of the world have the resources to meet the demands"; and, further, that "to undertake the task proposed under conditions existing to-day would, of course, require assignment from the armies of doctors, nurses and other necessary personnel, together with provision of special food, medical and other supplies, which we understand are actually available. Should you desire to have the Committee of Red Cross Societies undertake this task, placing under its control the personnel, and furnishing the transportation, supplies and foods necessary for the success of the undertaking, we are prepared promptly to assume the responsibility."

I invite your attention also to the attached copy of the memorandum addressed by the League to the Supreme Economic Council on the 8th May,¹¹ in which is stated the preparedness and disposition of the League to mobilise the energies and resources of the respective Red Cross Societies to assist in this task.

It is understood that there are now in France the professional personnel, medical stores, hospitals, motor transports, and surplus supplies of food and clothing belonging to the Allied armies, which form the necessary equipment for the work contemplated.

If, as is more fully indicated in the attached telegram and memorandum, the sufficiency of these necessaries, otherwise unobtainable, can be made available for the purposes of the emergency, and their free transportation in bulk to the affected countries be arranged, the League will be able to co-ordinate the resources of its constituent members, to administer all the resources at its command for the best advantage of the suffering populations, and with the assurances of authorisation by the Governments of the affected countries, to carry out the necessary measures to prevent the spread of the disease.

The problem appears to be one which can best be attacked by combining governmental and voluntary effort. The task is so great, and requires such specialised personnel and supplies, as to be beyond the power of any agency, without the support of the Governments which control the available equipment and hold the necessary authority. But, with the assistance now proposed, the League is prepared to call upon its constituent members, the Red Cross Societies, with their present and potential resources, to provide additional workers and funds, so that the assumed responsibility of the League in its agreed sphere may be carried out with efficiency and satisfaction.

Moreover, the League will undertake to encourage and assist the Red Cross Societies of the countries in which it operates to develop

¹¹ Appendix 152C, p. 287.

their own resources and methods for dealing with the aftermath of their present problems and for meeting their problems of the future.

Should these proposals meet with your approval, details of the scheme of operations and schedules of the necessary personnel, supplies and other equipment can be promptly furnished.

As the matter is urgent, an early expression of the views of the Supreme Council will be welcomed.

Very truly yours,

D. HENDERSON

Appendix 152B

Telegram [From the League of Red Cross Societies] to Mr. Georges Clemenceau (Chairman), Hon. Woodrow Wilson, Hon. Lloyd George, Signor Orlando, Inter-Allied Peace Conference, Quai d'Orsay, Paris

(Intercan 5772)

CANNES, April 11, 1919.

We desire to bring to your attention the following minute which has been adopted by the distinguished scientists now sitting in conference at Cannes:—

“The conference of physicians, nurses, and others from France, Great Britain, Italy, United States, and Japan, called by the Committee of Red Cross Societies, and consisting of representative persons engaged in public health and child welfare work, and in the control of tuberculosis, malaria, and the venereal diseases in these countries is now in session in Cannes.

“The Conference was called to assist in the formulation of programmes of work which the Associated Red Cross Societies of the world may wisely undertake in times of peace to improve the health and to contribute to the betterment of the peoples of the world.

“Another disaster, which may prove of the greatest magnitude unless efficient measures for its control are immediately taken by the Allied Governments, has suddenly been brought to its attention.

“Information has reached the Conference through the representatives of the American Red Cross of the wide and very rapid extension of typhus fever in Central Europe. The region now known to be directly involved extends practically from the Baltic to the Black Sea, and to the Adriatic, and includes Poland, Ukraine, Serbia, Roumania, Macedonia, and the northern shore of the Black Sea.

“From our previous knowledge of this disease and the conditions known to exist in Russia, Bulgaria, and other parts of Central Europe, it may be fairly assumed that the area actually the seat of prevalence is probably much wider, foci of disease having already appeared much farther west, notably in Vienna, Rotterdam, and Marseilles.

“In three of the areas referred to above it has been estimated that 275,000 cases of the disease now exist. The accuracy of these estimates requires confirmation. Some of the countries now afflicted by this new disease had already been devastated by four years of war,

and suffered conditions of severe deprivation, due to hunger, cold, and hardship, followed by an epidemic of influenza. In their turn came revolution and disorder, and almost anarchy. Now comes disease and pestilence. The situation cannot be viewed with less than the gravest concern.

"But history has often shown how terrible the ravages of this disease may become after war and when famine conditions prevail. If a large proportion of the population affected are to survive this last and possibly greatest disaster, assistance must be rendered them on a colossal scale, and only the great Governments of the world have the resources to meet the demands.

"The Committee of Red Cross Societies of the Allied Nations is, in our opinion, the natural and at present only agency available to undertake this work if the required resources are placed at its disposal and it is invested with proper powers.

"On behalf of humanity, we should appeal to the representatives of the Allied Governments, now assembled in Paris, to give this subject immediate consideration, and to make available the necessary resources to carry on the work.

"We regard the situation as so serious that we advise that the Committee of Red Cross Societies should immediately send an international commission of experts to initiate measures to deal with a large number of typhus cases now known positively to exist; to take all possible steps to restrict the further spread of the menace; and to direct the actual disposition which shall be made of the personnel and supplies which may later be made available. We are all of the opinion that prompt action in this matter should not alone relieve widespread suffering but contribute immeasurably toward safeguarding the health and peace of the world."

We respectfully refer the foregoing for your consideration. The Committee of Red Cross Societies fortunately finds itself in a position immediately to undertake the task suggested. Participating in our conference here are several of the foremost authorities of the world on infectious diseases, two of them, Richard P. Strong of the United States of America and Dr. Castellani of Italy, having taken a leading part in stopping epidemic of typhus in Serbia in 1915. To undertake the task proposed under conditions existing today would, of course, require assignment from the armies of doctors, nurses, and other necessary personnel, together with provision of special food, medical and other supplies, which we understand are actually available.

Should you desire to have the Committee of Red Cross Societies undertake this task, placing under its control the personnel and furnishing the transportation, supplies and funds necessary for the success of the undertaking, we are prepared promptly to assume the responsibility.

Committee of Red Cross Societies:
H. P. DAVISON, *Chairman.*

Appendix 152C

Memorandum Presented [to the Supreme Economic Council] by the League of Red Cross Societies

The League of Red Cross Societies, which has just completed its formal organisation, being possessed of information which it believes to be authentic, feels the responsibility of submitting the information to the attention of the Supreme Economic Council for their consideration.

1. The present state of many millions of peoples in Eastern Europe is such as to command, not merely the sympathy, but the active assistance of the Allied Powers. The conditions which have prevailed during the past four years in such regions as Serbia, Poland, Roumania, Montenegro, Lithuania and other places have, besides accounting for the death of large numbers of people, reduced the vitality of vast populations so as to leave them slight power of resistance. It is generally known that starvation and disease have ravaged these regions. It is not generally known that the distress at this moment is so appalling as to constitute the darkest picture of widespread human misery offered to mankind over a period of at least 300 years. This is not the place to catalogue in detail the causes and effects which are involved. It is perhaps sufficient to say that by reason of the long and continuous dislocation and suspension of the normal forces of production and distribution, the need of these unfortunate peoples is today dire and extreme. In these countries over which the tide of war has swept back and forth for several years, typhus, small-pox and other scourges have recently appeared. The inhabitants lack nearly everything required to maintain life for any considerable length of time, under these conditions. Babies and children are perishing miserably in large numbers each day. The aged and infirm and the sick cannot be expected long to survive without immediate help. There are more than 100,000 cases of typhus in Eastern Poland alone. Roumania is not only carrying on active warfare on her borders, but is fighting want, small-pox, and typhus throughout the land. In the Kuban there are at least 300,000 refugees without the ordinary necessities, and wounded men from the army, maintaining the front north of the Kuban district, are being operated upon without the use of anaesthetics whenever it is possible to operate at all.

The facts are well authenticated, and in many cases have been carefully investigated and corroborated. Specific instances of deep and wide distress may be multiplied almost indefinitely. From the records and files of the American Red Cross at its Paris headquarters, a bill of particulars can easily be compiled to justify the sweeping generalisations above laid down. A relief problem of unparalleled magnitude is here presented.

2. The fundamental needs are food, clothing, and medical and hospital supplies. Food, for the present, has been and is being in many places supplied. The distribution of food under Allied direction is an impressive demonstration of efficiency in a great emergency. This effort has until now really saved the situation. The "ravitaillement" program has been unqualifiedly successful. Whether it will later have to be repeated will depend upon the forthcoming harvests in the affected areas. Our observation, however, is that the critical need, after food, is medical and hospital care and service, and unless the governmental effort toward "ravitaillement" can be expanded to include the other service, the crisis will continue to be acute. In order to cover the field, as we have suggested, the Allied Governments would have to develop a further and somewhat different organisation from that which has been thus provided. Lack of clothing is almost everywhere reported. The measures now being taken cannot possibly meet the need fully. Medical and hospital supplies of all kinds are practically non-existent in Central and Eastern Europe. It is quite impossible to exaggerate the importance in this emergency of the classes of supplies just mentioned. The amount of human life dependent upon efficient and prompt action at this time is difficult to estimate, but we are convinced that the figure runs well into the hundreds of thousands. Many conscientious investigators would say millions.

3. It so happens that the various supplies most needed to relieve the suffering in Central Europe are to be found in France. The Allied armies at the time of the Armistice had accumulated in this country vast stores of food, clothing, and medical and hospital supplies. These materials are no longer required for military uses, and are being disposed of by the armies and Governments through their respective liquidating boards. For obvious reasons supplies in such quantities cannot be marketed in the usual way. The liquidators work under strict limitations, and at best can hope to realise only a small percentage of the true value.

4. The thought which must be in the minds of all who are conversant with the general state of affairs is that these resources, accumulated for war purposes, should now be used to relieve the distress created by the war. This is a measure so manifestly appropriate and necessary as to call for no apology or explanation. We are all of us concerned only with the form which the transaction should take.

The Red Cross Societies of the various nations are in a peculiarly helpless position. The world places upon them a very large measure of responsibility in this situation. The sufferers to-day are looking to these organisations, as well as to Governments, for the help which they must have. The relief problem, however, presents itself on so gigantic a scale that the resources of the Red Cross Societies are piti-

fully inadequate to meet the demands which are being made upon them. Take, for example, the American Red Cross. During the past few months it has been meeting its responsibilities as best it can with the limited funds and supplies at its disposal. Since the beginning of this year it has placed an organisation of more than 1,000 workers in the Balkan States. It has sent 150 workers to Poland, 150 into Germany (to care for Russian prisoners of war), a small group to Tchecho-Slovakia, and is responding to urgent and pathetic appeals from Estonia, Lithuania, and the Kuban. The effort of the American Red Cross must soon terminate unless its hands are strengthened. It is, of course, appreciated that the Red Cross Societies are dependent upon voluntary popular subscriptions in their respective countries. Requests for funds have to be carefully presented at opportune times. It is not feasible for any of the Red Cross Societies to replenish their funds during the next few months. The consequence is that for the agencies upon which the responsibility for administering relief now rests, the way to the acquisition of the supplies through the avenue of purchase is closed.

5. The League of Red Cross Societies therefore respectfully suggests to the Supreme Economic Council, that in the interest of peace and humanity, such steps as may be necessary be taken to make the surplus army stores of the Allied nations available for carrying on such work as the American Red Cross and other similar organisations have already begun. It is our profound conviction, based upon the most attentive consideration of the question, that in no other way can the proper results be attained. Such relief as is called for in this situation has never been, nor do we believe can it be, effectively rendered by and through governmental distribution.

Any plan for turning over the supplies should include the mobilisation of other governmental assets, such as transport facilities. The transportation difficulties in Europe to-day are well-nigh insurmountable where large operations are involved, unless governmental aid can be obtained.

With the data now before us, and with a deep and sincere sense of responsibility, we have deemed it our duty to bring the foregoing considerations to your attention. If, upon consideration, the Allied Governments should deem it necessary to call upon the League of Red Cross Societies to undertake the programme of relief, and should place at its disposal supplies and transportation necessary, the League will immediately give the matter its consideration with the hope and expectation that a way can be found for the League to undertake the work on such a comprehensive plan as must be involved.

Appendix 153

*[Report From the British Delegates Concerning] Health Conditions
in Southern and Eastern Europe*

I discussed on Saturday, the 17th inst., with Sir David Henderson, Director-General of the League of Red Cross Societies, his letter dated 16th May,¹² and we arrived at the following conclusions:—

1. The degree of assistance which could be rendered by the League of Red Cross Societies primarily depends upon the degree of financial assistance which the Allied and Associated Governments can provide towards the purchase of medical and other supplies and the transportation of them.

2. In the event of the Allied and Associated Governments being prepared, either through credits granted to the countries to be relieved or otherwise, to place at the disposal of the League of Red Cross Societies even a moderate percentage of the surplus medical stores, hospitals, motor transport, &c., now under their control, the League of Red Cross Societies anticipate that they would be able to provide and maintain out of their own resources units which would at any rate limit the spread of typhus and other epidemics. Sir David Henderson stated that there were already about 1,000 Red Cross workers, without counting local Red Cross workers, engaged in Eastern Europe, and that if the contemplated scheme were put into operation these numbers would naturally be largely increased. This was as far as he could go at the moment. He anticipated being able to obtain the best scientific assistance in preventing the spread of epidemic diseases.

3. Assuming that the League of Red Cross Societies would have the advantage of assuring their respective nationals and subscribers that voluntary contributions would not be dissipated in the purchase of supplies otherwise indisposable by the various Governments, Sir David Henderson was of the opinion that in most of the countries constituting the League appreciable financial support would be forthcoming.

4. Without having the opportunity of discussing the matter with either of our respective authorities, Sir David Henderson and I agree that probably the simplest method of working this plan would be for the League of Red Cross Societies to appoint a representative who should be a member of the Food and Relief Section of the Supreme Economic Council, and that in each of the countries where Inter-Allied Relief Missions exist a representative of the Red Cross League should be added to these missions, with power to direct such op-

¹² See appendix 152A, p. 283.

erations as would naturally fall within his scope. It is thoroughly understood that medical and sanitary operations can only be effectual by means of intimate co-operation on the spot with the administrative authorities of the various countries affected.

5. If the Supreme Economic Council approve in principle of some plan of this character and are prepared to inform the League of Red Cross Societies that they desire their co-operation on these lines, I gather that Sir David Henderson will be able to make immediate progress.

WILLIAM GOODE

MAY 17, 1919.

Supreme Economic Council: Twentieth Meeting Held at the Ministry of Commerce [on 26th May, 1919, at 10 a.m.]

The Supreme Economic Council held its Twentieth Meeting on Monday 26th May, 1919 at 10 a. m. under the Chairmanship of Lord Robert Cecil.

The Associated Governments were represented as follows:

UNITED KINGDOM.	Sir Hubert Llewellyn Smith. Mr. Keynes (part time). Mr. Wise. Sir Wm. Goode. Sir Mitchell Thomson.
UNITED STATES.	Mr. Hoover. Mr. Norman Davis. Mr. Baruch. Mr. Robinson.
FRANCE.	M. Clémentel. M. Claveille. M. Seydoux.
ITALY.	Com. Ferraris. Prof. Attolico.
BELGIUM.	M. de Cartier de Marchienne. Lieut. Col. Theunis.

175.

The Minutes of the Nineteenth Meeting were approved subject to the following amendments:—

(i) That the second paragraph of Clause (b) of Minute 163 should read as follows:—

that it would greatly increase the effectiveness of the Blockade if the Neutral Governments of the countries with whom agreements are now in force (Norway, Sweden, Denmark, Holland and Switzerland) should consent forthwith to prohibit, if called upon by the Associated Governments to do so, all exportation, re-exportation or transit of goods from or across their respective countries to or from Germany, except with the consent of the Associated Governments and that a *démarche* in this sense should at once be made to the Neutral Governments concerned.

(ii) That the words "and the question of continuing these supplies" in clause (a) of Minute 167 should be deleted from the English translation of the Minutes.

176. Blockade of Hungary.

With reference to Minute 161 it was reported that the Council of Heads of States had approved the resolution proposed by the Supreme Economic Council and had given instructions that the necessary announcement should be made at once.¹

It was agreed to instruct the Press Committee to arrange immediately for its publication in the Press of the Allied and Associated Powers and to take such steps as lay in their power to ensure that it was given wide publicity in the Press of European Neutral Countries.

177. Coal for Serbia.

With reference to Minute 168 the Director-General of Relief reported—

(a) that Allied representatives were at present in Belgrade endeavouring to arrange an exchange of foodstuffs from the Banat region for coal from Transylvania though no definite agreement had yet been reached.

(b) that the necessary financial and other arrangements had been made for the supply of a total quantity of 1,000 tons of foodstuffs per day from the Banat surplus to Austria, and, eventually, to Hungary, as soon as the situation there would permit, but that the Serbian Government had so far refused to grant the necessary export licences.

It was agreed that the present position did not call for action by the Council, but that the Director-General of Relief should bring the matter to their notice again if he considered it desirable.

178. Relations With Germany.

(i) With reference to Minute 162 (i) the British and French Delegates stated that they could only accept the principle that "in the event of loss arising, German ships should be held as security to cover the loss" as applying to the Armistice period and that the decision, therefore, could not, in their view, be interpreted as affecting in any way the ultimate disposition of the ships under the Treaty of Peace.

The American Delegates pointed out that under such conditions the security offered against loss on the shipments of foodstuffs to Germany was entirely inadequate and at their request it was decided to refer the matter back to the Finance Section for further consideration and with a request that a report should be submitted to the Council at its next Meeting.

(ii) A note (154) on the Organization of Conferences and communications on Current Economic Negotiations with the German Economic Delegates at Versailles was submitted and approved.

¹ See CF-23, minute 1, vol. v, p. 813.

(iii) A Memorandum (155) from the Sub-Committee on Germany regarding—

(a) the possibility of the export from Germany of unduly large exports of commodities such as dyestuffs and chemical drugs with a possible prejudicing of the intentions of the Peace Treaty.

(b) the proposal of the German Government to nationalise the soda industry,

was considered.

It was agreed

As regards (a) :—

(i) That the German Government should be informed that no concession granted to them in economic matters between the time of the signature of the Armistice and of the Treaty of Peace permits them to take any action intended to prejudice the intentions of the Treaty of Peace.

(ii) That the Rhineland Commission should be informed of the above decision and instructed to notify the Council immediately if there is any symptom of an intention on the part of the Germans to try to evade this decision especially by the export in unduly large quantities of dyestuffs and chemical drugs to Neutral Countries.

As regards (b) that the proposal could not be considered as "a transitory measure" and was not, therefore, one which the Council was authorised to examine.

179. Purchase of Dyestuffs From Germany.

A Minute passed by the Raw Materials Section at their 10th Meeting (156) relative to the proposed purchase on behalf of the French, Italian and Belgian Governments of approximately 120 tons of dyestuffs from Germany, was submitted.

The British Delegates requested that this matter might, before final approval, be referred to the technical experts for further consideration to decide whether they desired on behalf of their Government to obtain supplies from Germany also.

It was agreed that the proposal put forward by the Raw Materials Section should be approved but that the British Delegates should hand in a list of their requirements, if any, within 48 hours.

180. Financial Restrictions on Germany.

With reference to Minute 139 an extract from the Minutes of the 14th Meeting of the Financial Section (157) recommending that the present financial arrangements with Germany should be modified to allow of German owned cash balances and bills held in neutral Countries being available for the payment of interest accruing to 15th August on credits granted to Germany, was submitted and approved.

181. Finance for German Food Supplies.

A letter from the Chairman of the German Financial Commission dated 22nd May (158) stating that the German Government was ready to send 18 million pounds sterling to Amsterdam to the credit of the food account was introduced and referred to the Finance Section.

182. Administration of the Occupied Territories.

With reference to Minute 165 the President reported that the following formula regarding the administration of the occupied Territories had been adopted by the Council at its special Meeting held on the 19th May :—

“The Interallied High Command represented on the Interallied High Commission by the President of the Commission has granted to the latter the right to transmit to Commanders of Armies instructions discussed and approved by the Commission.

The President will transmit the decisions of the High Commission by order of the Interallied High Command.

In accepting this formula the Supreme Economic Council considers that the High Commission is supreme on all economic questions.”]

183. Control of Rhine Traffic.

A Note from the Communications Section (159) recommending that arrangements should be made for the continuance of the control of the traffic on the Rhine by the Commission Inter Alliée de Navigation de Campagne during the interim period between the signing of the Treaty of Peace and the establishment of the International Rhine Commission authorised under the Peace Treaty, was submitted.

It was agreed that the Communications Section should be authorised to deal with the matter on the basis of their recommendation and report to the Council at the next Meeting.

184. Use of Enemy Tonnage.

(a) A Report from the Food Section Freight Committee dated 3rd May (160) regarding the employment and disposition of enemy tonnage was submitted for the information of the Council.

(b) The following Resolution (161) from the Food Section regarding the use of surplus enemy tonnage for general relief was submitted and approved :

“That endeavour should be made to use surplus enemy tonnage for general relief in preference to other tonnage, with a view to increasing the funds available for relief and that the freight rates to be charged for this tonnage should be the same as those charged for vessels carrying foodstuffs to Germany.”

(c) The Director-General of Relief suggested that the Allied and Associated Governments should have the right to call upon the use of German tonnage to the extent to which they have supplied national tonnage for the provisioning of Germany.

It was reported that this principle had already been adopted by the Allied Maritime Transport Council in February last and it was agreed, therefore, that the matter did not call for any action by the Council.

185. Management of Enemy Ships.

Extracts from the Minutes of the Meeting of the Allied Maritime Transport Executive held on 16th May (162) regarding the allocation to Great Britain for management of enemy vessels in Mexico, Central and Southern America were submitted.

It was agreed that subject to the concurrence of the British Foreign Office and the United States Government the proposed allocation to Great Britain for management should be approved.

186. Use of Austrian Steamers Completed Since the Armistice.

Extracts from the minutes of the Meeting of the Allied Maritime Transport Executive held on 16th May (163) referring to a proposal made by the Italian Government that steamers under construction in ex-Austrian ports before the Armistice and completed by Italy should be treated as Italian ships, was submitted.

The Italian Delegates stated that this matter was being placed before the Council of Heads of States and it was, therefore, agreed that it was unnecessary for the Supreme Economic Council to consider it.

187. Work of the Shipping Section.

With reference to Minute 171 a further resolution from the Shipping Committee (164) regarding the discontinuance of the Shipping Committee in Paris was submitted and approved with the substitution for the present of Mr. Hipwood for Mr. Lodge as the Liaison Officer between the Transport Executive and the Council.

188. Trade Between Alsace and Unoccupied Germany.

With reference to Minute 151 the French Delegates stated that they were in a position to present the Council with a written report at the next Meeting.

189. Despatch of Supplies to Poland.

Notes from the Communications Section (165) and the Food Section (166) regarding the despatch through Dantzig of supplies other than foodstuffs required for relief and reconstruction purposes in Poland, were considered.

General Thwaites attended and suggested that as Article 16 of the Armistice Agreement concerns also military operations in the maintenance of order the matter should be reported to Marshal Foch and a telegram prepared for his approval before transmission to the German Government.

A draft telegram (167) was submitted by General Thwaites and it was agreed that the Director General of Relief and General Payot

should agree upon the final form of the telegram to be despatched to Marshal Foch.

190. Health Conditions in Europe.

With reference to Minute 173 the Director General of Relief reported that the League of Red Cross Societies was now preparing a scheme in accordance with the decision of the Council and that the Military Authorities were being approached provisionally regarding the supply of the medical stores.

The question of affording assistance as regards medical supplies to Northern Russia, where the need is reported to be great, was considered and it was decided to request the League of Red Cross Societies to extend their scheme to include the old Russian Empire.

191. Financial Arrangements for Austrian Food Supplies.

A Memorandum from the Director General of Relief dated 24th May (168) was submitted, reporting on the position as regards Austrian Relief and the urgent necessity for a settlement regarding the proposed loan by the United States Treasury of 15,000,000 dollars to France for the purchase of food supplies from the United States and the sale on credit of foodstuffs to Austria.

The Director General of Relief stated that if this matter were not settled immediately the whole Austrian programme must break down. He pointed out that, under present conditions, and if the proposal that any further loadings of Austrian ships should be made on Italian account were carried into effect, wheat and wheat flour would have to be used instead of rye and rye products as was originally intended. This would be a serious drain upon the surplus of wheat and wheat flour available in the U. S. A. and might result in a deficiency on the Allied programme before the end of the Cereal Year.

The French Delegates stated that no effort had been spared by their Government to obtain a satisfactory decision regarding this matter and, having explained the difficulties which had arisen, they requested the Council to defer taking any decision for a week. They reported that the Austrian Government were reluctant to accept the proposals made regarding the securities to be assigned for food as no assets would be left for financing additional supplies until the harvest. They stated that they anticipated that, in the course of a few days an agreement with Austria would have been reached and the question of obtaining adequate securities for advances to Austria would thereby be simplified. They suggested therefore that the present instruction as regards loading of Austrian vessels should be allowed to stand.

In reply to an enquiry from the Director General of Relief as to whether these boats could be loaded with rye and rye flour and then ordered to France if no settlement were reached before their ports of

discharge must be named the French Delegates undertook to give a reply in 24 hours.

With reference to the reluctance of the Austrian Government to pledge their securities the British Financial Delegates suggested that the Austrian Government might be informed that such securities as have been already named by the Allied and Associated Governments would only be claimed up to the value of the credits of 45 million dollars already established and that in the event of additional credits being arranged the unused portions of the same securities would be utilised.

It was agreed that in view of the statement made by the French Delegates the matter should be adjourned for further consideration at the next Meeting of the Council.

The Italian Delegates pointed out that in supplying foodstuffs for Austria up to the value of 23 million dollars the Italian Government had acted as mandatory for the other Allied and Associated Governments and requested that the Finance Section might be instructed to safeguard the Italian position in this respect.

The British Financial Delegate stated that this was already receiving consideration and that the necessary precautions would be taken.

Appendix 154

Note on the Organisation of Conferences and Communications on Current Economic Negotiations With the German Economic Delegation at Versailles

1. The German Economic Delegates at Versailles have, at the request of the Allied Governments, formed an Economic Section under the presidency of Dr. Melchior. There will be sub-committees for food, finance, raw materials and for questions relating to the occupied territories. The business of these Sections will be to deal with current economic negotiations arising under the armistice.

2. Under these circumstances it becomes necessary to establish a uniform system of communication with the newly formed Economic Section.

3. According to recommendation 8 (c) of the memorandum of the S.E.C. of 15th April³ on the organisation of economic relations with Germany accepted on the 21st April by the Council of Foreign Ministers,⁴ the Sub-Committee on Germany is charged with the duty of centralising all communications relating to current negotiations with Germany covered by the terms of the memorandum in question.

³ *Ante*, pp. 206, 207.

⁴ See FM-7, minute 2, vol. iv, p. 599.

4. The following proposals are therefore put forward for the detailed organisation of such communications:—

I. Conferences.

(a) Conferences at Versailles will be arranged, at not less than 24 hours' notice, by the Inter-Allied Secretariat of the Sub-Committee, Room 117, 26, Rue de Bassano, Tele. No. Passy 1180, Exts. 111, 112, 113 which will keep in touch with the secretary of the German Economic Section through the medium of Col. Henry's Mission at Versailles.

(b) Conferences at Versailles will in all cases be reported in French and English, and copies of the minutes of each conference will be in the hands of the Secretariat at the latest by 24 hours after the time of the Conference.

(c) The Secretariat of the Sub-Committee will be charged with the duty of:—

- (i) Referring to the Sub-Committee on Germany any points arising out of conferences at Versailles which can be dealt with within the policies laid down by the S.E.C. or by its separate sections, or any points concerning more than one section which require consideration by the Sub-Committee.
- (ii) Circulating the minutes of conferences after they have been approved by allied delegates present at the conferences.
- (iii) Drawing attention of any section of the S.E.C. concerned to any decision requiring action by it.

(d) The Sub-Committee on Germany will be responsible for notifying, through the usual channels, the German Government, the Spa Armistice Commission, A.N.A.C. and any other body concerned, of decisions taken at conferences.

II. Written Communications.

(a) No communication shall be made to the Germans without being authorised by the signatures of the delegates on the Sub-Committee.

Any delegate may on any occasion waive or depute his right of signature.

(b) All written communications from the German Economic Delegation shall be sent under cover to the Secretariat, which will be responsible for forwarding them to the Section of the S. E. C. concerned.

21 MAY, 1919.

Appendix 155

Note for the Supreme Economic Council [From the Sub-Committee on Germany]

1. The Sub-Committee on Germany draws the attention of the Supreme Economic Council to the fact that cases have come to its knowledge of action taken or contemplated by the German Government which is likely to prejudice the working of the Reparation and Economic clauses of the draft Treaty of Peace.

2. In particular, the Sub-Committee on Germany refers to the following instances:—

a. (*see annex 1 attached.*) Under Annex 6 to part 8 of the draft Peace Treaty, the Germans are to be required to place at the disposal of the Allied Governments such quantities and kinds of dyestuffs and chemical drugs as the Reparation Commission may designate not exceeding 50% of the total stock of each and every kind of dyestuffs and chemical drug in Germany or under German control at the date of the coming into force of the draft Treaty. The Sub-Committee on Germany points out to the Supreme Economic Council that its decision of May 13th (No. 158)⁵ regarding the interpretation to be placed on telegram No. C. I. P. A. 766/g.⁶ on the subject of the prohibition and pre-emption lists may permit the Germans seriously to prejudice the intention of the Peace Treaty. It has been found in practice that it is quite impossible to deal with all dyestuffs in accordance with the conditions laid down in the telegram referred to above in the time allowed. It is possible, therefore, that the Germans may even claim in respect of dyestuffs to export not only one-third, but the whole of their exportable surplus. In any case, it would be possible for the Germans, if the Peace Treaty is not signed for two or three months, to put in safe custody the greater part of their present stocks by taking full advantage of their privileges of export over land frontiers. On this point the Sub-Committee on Germany recommends to the Supreme Economic Council that the Germans should be informed that, whilst the Allies are prepared to allow the export of a reasonable quantity of dyestuffs per month during the period while the Peace Treaty is under discussion, they cannot permit the intentions of the Peace Treaty to be avoided by specially large exports. The Germans will, therefore, have to supply detailed figures of export in respect of dyestuffs and other articles included in the Reparation Clauses of the Peace Treaty, the Allied and Associated Governments reserving the right to prohibit such export whenever it appears that such export is prejudicing the intentions of the Peace Treaty.

b. (*see annex 2.*) Article 298 of the draft Peace Treaty provides that Germany shall undertake

- (1) to restore and maintain the property rights and interests of the nationals of Allied or Associated powers in the legal position obtaining in the respective property rights and interests of German nationals under the laws in force before the war;
- (2) not to subject the property rights or interests of the nationals of Allied or Associated Powers to any measures in derogation of property rights which are not applied equally to the property rights and interests of German nationals, and to pay adequate compensation in the event of the application of these measures.

The Belgian delegate on the Sub-Committee on Germany points out that the German Government contemplates the nationalisation of the

⁵ Minute 158, p. 262.

⁶ Telegram of March 24, appendix 37, p. 89.

soda factories in Germany, and that 70% of the soda production of Germany is in the hands of Solvay & Co., the interest of which firm is almost entirely in Allied and Associated countries. He urges that the consequence of the nationalisation of German soda factories would be to deliver to the German competitors of Solvay & Co., the secrets of the industrial processes belonging to this firm and to the Belgian, British and American affiliated companies.

The Belgian delegate claims, therefore, that a nationalisation of German Soda Factories, to the exclusion of other German chemical factories, is contrary to the spirit of article 298 of the Treaty of Peace.

3. The Sub-Committee on Germany makes a general recommendation to the Supreme Economic Council that the Germans should be informed that no concession granted to them in economic matters between the time of the signature of the Armistice and of the Treaty of Peace permits them to take any action calculated to prejudice the intentions of the Treaty of Peace.

23 MAY, 1919.

[Annex 1]

(Translation)

Memorandum [Regarding] Dyestuffs on the Left Bank of the Rhine

As the result of information collected from the competent authorities of the Ministry of Industrial Reconstruction, it appears that about 90% of the total production of dyestuffs is made on the left bank of the Rhine or in territories occupied by the Allies.

All the kinds of dyestuffs manufactured in unoccupied Germany are equally manufactured in the occupied territories.

The actual production of dyestuffs of the occupied German factories is negligible, these dyestuffs being under the blockade.

With regard to the value of dyestuff stock, this value is very variable, according as the pre-war price or the selling price to consumers, or the price which the Germans ask to Allied consumers is taken into consideration, e. g.:

	<i>Marks</i>
Blue methylated, pre-war price	4 the kilo.
Present price in Germany to German consumers	15 the kilo.
Price asked to French consumers	51.70 the kilo.

With a view to preventing the export of dyestuff products to neutral countries, which might have the effect of leaving the Associated powers at the moment of the signature of the Peace Treaty faced with stocks reduced to zero, it would seem that the following steps should be taken:—(1) the prohibition of the export of existing stocks of dyestuffs from the left bank of the Rhine, stocks not to be di-

minished on any pretext; (2) export permit to be given for the daily production of factories.

The existing stocks are at the moment on the left bank of the Rhine about 20,000 tons. Existing stocks on the right bank are probably not in excess of 1,000 tons, while the total capacity of all the factories on the left bank would seem to be about 8,000 tons.

The procedure indicated above is, moreover, the procedure adopted in the occupied territories by the Committee of Luxemburg and approved by the Commission for the Left Bank of the Rhine from the time of the creation of this Commission. It had the double advantage of keeping up stocks while preserving for factories their general activity and capacity for work.

[SEYDOUX]

[Annex 2]

Note

(Translation)

We venture to call your attention to the latest information we have just collected from an absolutely reliable source on the nationalisation projects of the German Government. It is now certain that the German Government has undertaken the nationalisation of mining concessions and of all the potash industry in Germany, and wishing to assimilate soda to potash, the German State has resolved to nationalise in the same way the whole industry concerned with the manufacture of soda.

The identification of soda manufacture with the working of salts of potash can in no way be justified. Salts of potash are direct products of the mine, and are separated one from another by solution and evaporation under certain special conditions, but without undergoing any chemical transformation. They are used almost entirely in agriculture.

Soda manufacture is a chemical process and necessitates the use of several different raw materials, salt provides the sodium, limestone the carbonic acid. These are the 2 chief components of the product. Coal distillation furnishes the ammoniac which is necessary to carry out the chemical reaction. All chemical industries occasion reactions between different materials extracted as a rule from the ground. There is no more reason for nationalising the soda industry than for nationalising any other chemical industry.

Soda is of no importance to agriculture but is utilised in many chemical industries.

Nevertheless the German Government appears to wish to nationalise only the soda industry. The motive of this procedure is doubt-

less that this industry is virtually under a single company and that the principal interest is foreign.

The danger to which we have called your attention above can be summed up as follows:—

The German Government wishes to dispossess the German soda industry but it seems that there is no question of applying to our Branch, the German Solvay Works, a treatment different to that applied to other German companies working the same industry. However we must seek by all means to prevent our processes, our secrets of manufacture, our industrial experience by which the whole world has benefited, through the medium of our factories in all countries, from falling into the hands of a Government whose economic system and whose abuse of power we know by past experience.

The other Governments, France, Great Britain, U. S. A., and Italy, have the same interest in securing that the soda industry, which is so prosperous in their countries, should not become in Germany a monopoly of the Government, and we are persuaded that they will support your action.

SOLVAY & Co.

Appendix 156

[*Minute Passed at Tenth Meeting of the Raw Materials Section Relative to the] Purchase of Dyestuffs From Germany*

The following Minute is recorded in the Records of the 10th Meeting of the Raw Materials Section:—

The French and Italian delegates stated that they required to purchase immediately further quantities of dyestuffs, in addition to allocations already made or to be made from the original amount of 50 tons.

It was understood that the French would apply for a total of 80 tons, the Italians for 70 tons, the Belgian allocation being 20 tons. It would be necessary, therefore, to authorise the purchase of approximately another 120 tons.

The American delegates stated that they had no objection to increasing the amount of dyestuffs for immediate purchase, more especially in view of the British Treasury's decisions on Lord Moulton's scheme.

M. Baruch was of opinion that the French and Italians should be allowed to proceed with the purchase unless Mr. Layton on further consideration saw any grounds for objection to the plan.

The actual negotiations should be entrusted to M. Froissard, in connection with the Luxembourg Committee.

The approval of the Supreme Economic Council to the proposed purchase is desired.

Appendix 157

*Extract From Minutes of 14th Meeting of the Finance Section Held
on May 22nd, 1919*

11. RELAXATION OF FINANCIAL RESTRICTIONS.

The second and third paragraphs of the resolution contained in Minute 9 of the 10th meeting of the Finance Section, subsequently approved by the Supreme Economic Council, read as follows:—

- "2. That German owned cash balances and bills held in neutral countries be freely available in payment of imports.
- "3. That the proceeds of exports from Germany be freely available in payment of all kinds of permitted imports."

Mr. Keynes said that a misunderstanding had arisen regarding the agreement with the neutral financiers. The Finance Section had only intended to allow the payment of interest on loans which matured before August 15th, but M. Ter Meulen had understood that the permission covered the payment of interest on all loans. The additional amount involved might be estimated at perhaps £1,000,000. It was not possible at this stage to consider any extension of the arrangement already made and if the neutrals persisted in their interpretation it might be better to let the whole agreement fall to the ground. But at the same time it would perhaps be possible to relieve the situation by an explicit recognition of the fact, which in any event could not be prevented, that German balances in neutral countries and the proceeds of German exports can be used for the payment of interest as well as for imports.

Captain Jung said that he would prefer to leave things as they are. His recollection was that the Finance Section deliberately made this limitation though they knew that it could not be enforced, and the intention had been to prevent the neutrals from having an absolutely free hand. He would not formally object to the relaxation now proposed, but he thought that it would have serious consequences.

M. de Lasteyrie pointed out that the resolution in any event only covered the period of the Armistice.

Mr. Davis said that he thought the proposal should only cover interest accruing up to August 15th.

It was agreed that German owned cash balances and bills held in neutral countries, and the proceeds of exports from Germany to neutral countries shall be freely available for the payment of interest accruing up to August 15th on credits granted to Germany.

Appendix 158

*The Chairman of the German Financial Commission to the Chairman
of the Financial Section of the Supreme Economic Council*

(Tg. No. F 381)

VERSAILLES, 22 May, 1919.

With reference to the session of day before yesterday I have the honor to make the following communication:

The German Government is ready to send 18 million pounds sterling to Amsterdam to the credit of the food account. With regard to the general situation, we assume that independently of any turn of military or political events—

1. this gold will remain reserved exclusively for its purpose—the importation of food into Germany;

2. also that the Brussels Convention, insofar as it deals with food for which gold has been provided, will be executed likewise for the unoccupied German territory.

I beg for a reply; for technical reasons the shipment of the gold cannot begin before the beginning of June. I request that the Allied and Associated delegates be informed of the preceding.

MAX WARBURG

Appendix 159

*Note [From the Communications Section] for the Supreme Economic
Council on the Navigation of the Rhine*

The control of the navigation of the Rhine is at present undertaken by the Commission Inter-Alliée de Navigation de Campagne, with headquarters at Cologne, working under the orders of Marshal Foch. Under the régime envisaged by the Peace Treaty the navigation of the Rhine will be controlled by the International Rhine Commission.

The Communications Section therefore is of the opinion that the transitory régime to be adopted between the declaration of peace and the time when the International Rhine Commission will start to function should be studied so that a body will continue to exist capable of regulating the river to assure the best economic results to the countries it serves.

The Communications Section has decided therefore to bring this question to the notice of the Supreme Economic Council, at the same time putting before it the solution which the Communications Section itself envisaged with regard to this, and which, while hastening as much as possible the formation of the International Rhine Commission, would consist in keeping as a provisional executive body the existing Commission Inter-Alliée de Navigation de Campagne with such

detailed modifications as might be necessary in its functions (and composition).

Appendix 160

Report [No. 1] of Enemy Tonnage Sub-Committee

3 MAY, 1919.

1. Appendix I sets out the procedure laid down and the provisional loading programme of cereals approved by the Food Section of the Supreme Economic Council.

2. Appendix II sets out the detailed procedure governing the employment of Enemy tonnage which has been approved by the Freight Committee. Suitable forms of charter have been submitted to the Allied Maritime Transport Executive and it is anticipated that standard charters for the homeward voyage in each route, together with rates of freight applicable to the several voyages, will be agreed shortly.

3. Meanwhile all tonnage has been ordered to proceed to loading ports as it has become available.

Appendix III sets out the names and tonnage (dead weight) of the German vessels so ordered.

The totals are as follows:—

Appendix III A

N. America (consigned to U. S. Food Administration)

April	May	loading	291, 530 tons
June			35, 550 "
Canada (consigned to the Wheat Exports Co.)			
May			9, 500 "
Ordered to Louisberg and not yet allocated			
May			42, 500 "

Appendix III B

Plate

May	. . . . .	32, 520	"
June	. . . . .	94, 705	"

Appendix III C

French West Africa

May	. . . . .	15, 500	"
June	. . . . .	7, 600	"

Appendix III D—Australia

June 79, 800 "

4. *N. America.* As regards North America Mr. Barnes reported that he would be able to handle 300,000 tons of German shipping during May and tonnage to that amount will be available. The great bulk has, in accordance with his request, been sent to Hampton Roads for loading at Northern Range ports. The Wheat Commission will require 50,000 tons directed to the United Kingdom in replacement of May arrivals diverted to Germany and Poland.

Plate. Cable advices from Rotterdam state that the Germans have purchased 100,000 tons of flour and anticipate that they will be able to arrange credits there. Further information has been asked for.

French West Africa. The French Commission have asked for tonnage to lift 60,000 tons of palm kernels sold to Germany and this is being arranged.

Australia. The tonnage has been offered to the Australian Wheat Committee to load on the understanding that the first call on the cargoes is given to Germany, second to relief, third to the Allies.

5. Appendix IV gives the tonnage provisionally ordered, in response to a request from the Food Section, to lift American Army Stores from France to Poland. Further information is awaited as to the ports and quantities and as to who will charter the vessels and pay the freights.

It is anticipated that a considerable number of vessels of between 1,600 and 2,500 tons will be available shortly. It is proposed to utilise them in the first instance for the conveyance of potatoes from the U. K. to Hamburg.

6. Appendix V gives a list of the further tonnage amounting to 190,300 tons deadweight, which has been nominated by the A. M. T. E., but has not yet been ordered to loading ports. It is proposed to order the smaller vessels to the Plate and the larger to North America and Australia, the primary considerations being the position forecasted in N. America at the time when the boats require orders and the progress of German arrangements for credits in the Plate. The Wheat Exports Co. have been instructed to consult with Mr. Barnes and report as to whether Canada or the United States can handle further tonnage over and above that already arranged for May.

7. Appendix VI gives the position and allocation of Austrian tonnage. Vessels have so far been allocated as follows:—

To Italy in replacement of 48,000 tons tonnage used in carrying supplies, afterwards delivered to German Austria:

Arrived to end April	9,169 tons
To arrived May/June	16,938 "
Leaving balance to be allocated	21,893 "
To Italy in exchange for three Australian cargoes diverted to German Austria	19,688 "
To German Austria May/June arrival	57,386 "
" Roumania " " arrival	29,451 "
Unallocated	
May loading U. S. A.	36,500 "
June/July loading	213,574 "
May/June Plate	33,100 "
May Australia	7,500 "

APPENDIX I

Provisioning of Germany and Direction of Enemy Tonnage

7 APRIL, 1919.

1. The attached statement shows how enemy tonnage should be programmed in order to secure that Germany shall receive to 1st September the ration agreed at Brussels. A similar programme should be drawn up for the supply of fats.

Any prompt German tonnage which cannot be fitted into North America or the Plate should be sent to Australia.

The amount of tonnage that can be directed to Europe from Canada and the United States is limited by the amount of wheat available. In Canada this quantity was estimated on 1st March at 1,760,000 tons, in U. S. A. at 4,000,000 tons. In the Argentine the limiting factor is the monthly maximum cereal port capacity, which for wheat may be put at 650,000 tons, assuming an export of 100,000 tons of maize and 50,000 tons of Oats.

The ships to load food will be nominated by the Allied Maritime Transport Executive to Captain Elliot, who will direct them in accordance with the programme laid down, in consultation with the representatives in London of the United States Food Administration and the French and Italian Commissions.

The Freight Committee sitting in London will have before them weekly the food requirements and arrivals of Germany, Relief and the Allies and this Committee will be responsible for utilising to the best advantage enemy tonnage nominated by the Allied Maritime Transport Executive giving priority in the above order and reporting regularly to the Food Section of the Supreme Economic Council.

All purchases made by Germany will be reported to Captain Elliot in order that the necessary tonnage may be provided by the Freight Committee.

Enemy tonnage to load in U. S. A. ports will be ordered to Hampton Roads or Sand Key consigned to the United States Food Administration. In order to prevent overlapping and delays, the Food Administration and the Wheat Export Company will co-operate closely in selecting cargoes and ports. Enemy tonnage to load in Canada will be consigned to the Wheat Export Company.

In the general interests of the Associated Governments and of Germany purchases of wheat by Germany in the Argentine with finance provided under the Brussels Agreement will be made through the Wheat Executive Agency in the Plate, certain firms hitherto excluded being allowed to compete in the business. In any case where Germany

obtains direct credits in South America, the Wheat Executive Agency will be kept fully informed of business done.

It is suggested that the Allied Maritime Transport Executive should charter the ships to the Shippers and settle and collect freights to be credited to Germany, after debiting the cost of operation.

Australian sales to Germany will be made by the Wheat Commission on behalf of the Australian Government.

[Enclosure]

*Statements Referred to in the Memorandum Dated 7th April, 1919,
Approved at the Wheat Executive Meeting in Paris on the Pro-
visioning of Germany and Direction of Enemy Tonnage*

I. SUGGESTED EUROPEAN IMPORTATION PROGRAMME FOR ARRIVAL 1ST APRIL TO 31ST AUGUST, 1919

WHEAT & FLOUR (AS WHEAT) & EYE

(Thousands of Metric Tons)

	Prog. for Cereal year	Re. to March 31	Balance
I. Allies			
U. K.	5,500	2,950	2,550
France	3,025	1,300	1,725
Italy	2,925	1,200	1,725
Total U. K., Italy & France	11,450	5,450	6,000
Greece			45
Portugal			60
Belgium			500
[TOTAL]			605
II. Recovered territories			
Finland			100
Poland			200
Czecho-Slovakia			250
Greater Serbia			100
Roumania			150
Armenia & Turkey			50
Baltic States			50
Total recovered territories			900
III. Enemy countries			
Austria			140
Hungary			25
Bulgaria			50
Germany			1,500
Total enemy countries			1,715
IV. Neutral countries			
Holland			250
Denmark			50
Sweden			100
Norway			100
Switzerland			125
Total neutral countries			625
Grand total			9,885

II. SOURCE OF SUPPLIES OF WHEAT AND FLOUR (AS WHEAT AND RYES) TO MEET EUROPEAN IMPORTATION PROGRAMME

	Thousands of Metric Tons
Reduced requirements for Europe	9,885
Supplies	
Canada	
Exportable surplus March 1st	800
Wheat Exp. Stocks Canadian	655
" " American	275
[Total]	<u>1,760</u>
U. S. A.	
Exportable surplus March 1st	100
Wheat (115,000,000) bushels (including 450,000 tons Wheat Export Co.'s Stocks)	600
Rye 1	500
Allow for possible underestimates of U. S. A. Wheat Surplus	300
New Crop Wheat	<u>4,500</u>
[Total]	<u>6,960</u>
Total North America	<u>6,280</u>
Australia probable arrivals	<u>700</u>
[Grand Total]	<u>6,960</u>
Balance to be drawn from Argentine; to be filled by substitutes from U. S. A. or to be made good by economies as follows—	2,925
(a) Wheat from Argentine	1,750
(b) Substitutes from U. S. A.	500
(c) To be made good by economies in Allied Countries or by reductions in Relief and Enemy Programmes	675

III. SUGGESTED SHIPMENT PROGRAMME BY EXPORTING COUNTRIES

WHEAT AND FLOUR (AS WHEAT) AND RYE FOR ARRIVAL APRIL TO AUGUST 1919

Thousands of Metric Tons

	Shipments by months						
	Feb.	Mar.	Apr.	May	June	July Aug.	Total
Australia							
Allies	100	100	200	250	50	50	650
Germany	50						50
Total Australia	100	100	200	300	50	50	700
Canada							
Allies		150	350	360	350	450	1,660
Neutrals					25	25	50
Germany					25	25	50
Total Canada		150	350	360	400	500	1,760
United States							
Allies		150	400	500	600	665	2,315
Relief (including Belgium)		350	300	300	300	150	1,400
Neutrals		50	50	50	50	75	275
Germany (Enemies)		200	250	60	60	60	510
[Total United States]		550	950	1,100	1,010	890	4,500
Plate							
Allies	50	50	50	225	325	145	845
Neutrals	20	20	50	75	75	60	300
Germany				225	250	130	605
[Total Plate]	70	70	100	525	650	335	1,750
Substitutes from U. S. A. for enemy countries				155	155	190	500
To be made good by economies in Allied countries or by reduction in relief or enemy programmes							675

APPENDIX II

Procedure Regulating the Employment of Enemy Tonnage

12. All money due under charters of British-managed vessels will be paid by the respective charterers to the managers in London.

13. The French Commission will be the agents in London of Managers of Enemy vessels under French management, and all money due under the charters of such vessels will be paid by the respective charterers to the French Commission in London.

14. In the case of Austrian vessels managed by the Italian Government, the above procedure applies only as regards Clauses (1), (2), (3), (4), (10), and (11). The Italian Commission will cable to Rome orders for loading and discharging ports, as agreed with Captain Elliot.

[APPENDIX] IIIA

Vessels to Load [in] North America

ALLOCATED TO UNITED STATES FOOD ADMINISTRATION

April/May	D. W. Tons	April/May	D. W. Tons
Weissenfels	11,250	Dessau	9,900
Rudelsburg	9,160	Isis	10,800
Kronenfels	11,100	Gerfrid	8,800
Kybfels	7,000	Elbing	7,870
Falkenfels	11,200	Hanau	7,110
Altenfels	8,850	*Kagera	9,080
Artemesia	8,110	*Therese Horn	7,400
Solfels	8,200	*Slavonia	6,800
Burmuda	10,200		
Gertrud	7,750	May	
Gallipoli	6,000	*Plitvice	6,200
Franziska	7,250	Wartburg	6,400
Santa Cruz	8,750		
Hornfels	5,700	[Total]	291,530
Grieffenfels	8,150		
Wolsburg	15,000	June (After delivery of coal cargo in Italy)	
Gundomar	5,400	Crostaefels	7,000
Augsburg	10,000	Aschenburg	9,150
Lippe	9,900	Somenfels	8,150
Wolfram	8,800	Schwarzenfels	11,250
Naimes	7,850		
Ehrenfels	6,675	[Total]	35,550
Waldenburg	8,775		
Erfurt	9,000	[Grand Total]	327,080

*Steamers under French Management.

ALLOCATED TO WHEAT COMMISSION

	D. W. Tons
April—Burgomeister Schröder	9,500

The following vessels have been sent to Louisberg for orders and have not yet been allocated:

May	D. W. Tons	May	D. W. Tons
Totmes	8,000	*Kribi	6,000
Atto	8,000	Arabia	6,600
Tasmania	8,000		
Masuria	5,900	[Total]	42,500

*Steamers under French Management.

[APPENDIX] III B

Vessels to Load in the Plate

May	D. W. Tons	June	D. W. Tons
Itayahy	6,660	Irmgard	5,950
Louise Horn	5,580	*Malaga	4,980
Wotan	8,600	Pionier	4,865
Elbe	5,500	Erika	4,150
Bosporus	6,280	Sieglinde	4,500
[Total]	32,500	(After delivery of coal cargo in Italy)	
June		Pera	6,000
Oehringen	5,100	Alster	5,500
Karl Lambardt	4,700	Hornacep	5,200
Sausenburg	4,500	Germanicus	6,000
Sofia	5,000	Gudron	5,850
Derindje	4,400	Aronsburg	5,800
Rhenania	5,850	Normania	4,950
Plauen	6,300	[Total]	94,705
Eichfelde	6,000	[Grand Total]	127,225
Olympos	5,130		

*Steamer under French management.

[APPENDIX] III C

Vessels to Load in West Africa

ALLOCATED TO FRENCH COMMISSION

May	D. W. Tons
Borussia	4,000
Hornsee	4,000
Austria	3,500
Alma	4,000
[Total]	15,500
June	
Regina	4,000
Uhlenhorst	3,600
[Total]	7,600
[Grand Total]	23,100

[APPENDIX] III D

Vessels to Load in Australia

June	(After delivery of coal cargo to Italy)	D. W. Tons
Gera	9,000	
Fürst Bülow	11,150	
Heilbrunn	10,100	
Treuenfels	10,100	
	(Troops outwards)	
Helouan	10,850	
Roda	10,900	
Giessen	10,500	
Cordoba	7,300	
[Total]	79,800	

[APPENDIX] IV

Vessels Provisionally Ordered To Lift American Army Stores From France to Poland

May/June	D. W.	Tons
Antwerpen		3,240
Hamburg		3,650
Atta		4,200
Spezia		3,300
Roma		4,000
Schwinge		4,000
Karpathos		4,000
Anni		4,000
[Total]		30,390

[APPENDIX] V

Vessels Nominated by the A. M. T. E. but not Ordered to Loading Ports

A. Under British Management	D. W.	Tons
Pyrros		5,300
Steigerval		7,200
[Total]		12,500

B. Under French Management

(Delivered or Arrived in Downs for Delivery)

Name of Ship	Est. D. W.	Name of Ship	Est. D. W.
*Altenburg	10,100	Nordmerk	8,100
Altmark	7,400	Procida	4,200
Aragonis	7,000	*Raimund	9,700
Belgravia	9,000	Romscheid	10,100
Bisgravia	9,600	*Reudsburg	7,200
*Burgemeister Von Melle	6,500	*Rovuma	8,200
Christan Horn	3,900	Secundus	7,100
Freida Horn	4,000	Wachtfels	7,300
*Genus	4,000	Waldeck	8,800
Hollandia	4,600	Warrega	5,400
*Java	10,900	Warundi	5,100
Mannheim	8,800	[Total]	176,800
Meiningen	9,800		

*Under orders to take coal cargo to Italy.

[APPENDIX] VIA

Austrian Tonnage Arrived at Discharging Ports From North America

ALLOCATED TO ITALY

Sirena	Philadelphia	8/3	Beri	8/4	3,045	
Fiume	"	25/3	Siracusa	19/4	918	C. M.
President Wilson	New York	5/4	Genoa	22/4	3,896	
[Total]					1,310	C. M.
					9,160	

[APPENDIX] VIB

Austrian Vessels on Passage

NORTH AMERICA—MAY ARRIVAL

ALLOCATED TO ITALY

Argentina	New York	10/4	Genoa	30/4	551	Flour.
Dalmatia	" "	31/3	Trapani	28/4	73	C. M.
*Corsina	Philadelphia	6/4	Gib. f. o.	4/5	632	Beans.
*Iris	Baltimore	10/4	" "	8/5	554	
*Magyarorszag	Philadelphia	" "	Trieste	4/5	8,433	
Francesca	New York	17/4	Naples	15/5	4,701	
Vendobono	Portland	8/4	Gib. f. o.	1/5	1,333	
[Total] . . . . .	.....	.....	.....	.....	511	Flour.
					4,567	
					28,311	

*In exchange for Australian cargoes diverted to German Austria.

ALLOCATED TO GERMAN AUSTRIA

Africana	Galveston	18/4	Trieste	25/5	4,689	Flour.
Perseveranza	Jacksonville	14/4	Trieste	21/5	4,712	
Hungaria	Portland	8/4	Trieste	6/5	4,285	
[Total] . . . . .	.....	.....	.....	.....	13,686	

ALLOCATED TO ROUMANIA

Gerania	Portland	23/4	Constanza	5,717	F.
Baron Edmund Vay	" "	24/4	" "	1,233	
Abirtea	" "	30/4	" "	3,668	
[Total] . . . . .	.....	.....	.....	4,335	F.
				4,360	
				1,938	F.
			.....	17,251	

AUSTRALIA—MAY ARRIVAL

ALLOCATED TO ITALY

Filippo	Wallaroo	21/4	P. Said f. o.	8,315
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[APPENDIX] VIC

Austrian Vessels Loading

NORTH AMERICA (MAY)

For Italy	D. W. Tons
Carolina	4,800
For German Austria	
Laguna	8,000
Maria Immacolata	5,800
Adriatico	5,200
Szenterenzi	5,000
Dubac	3,800
Mrvav	5,000
Trieste	7,000
Fiume	3,900
[Total]	43,700
For Roumania	
Burnah	8,000
Principessa Christiania	3,700
[Total]	11,200

Austrian Vessels Loading—Continued

UNALLOCATED (TO LOAD NORTH AMERICA)

	D. W. Tons
Szent Istvan H. R. f. o.	4,000
Caterina Geroluinich "	8,000
Kossuth Ferencz "	6,500
Bosanka "	5,400
Lapad "	3,500
Graf Tisza Istwar "	3,600
Kossuth "	5,500
[Total]	36,500

[APPENDIX] VID

Austrian Vessels Unallocated (June Loading).

NORTH AMERICA

	D. W. Tons
Dardania H. R. f. o.	4,700
Contessa Adelina "	4,700
Atlântico "	4,500
Emilia New York	5,000
Marianne "	5,400
Sofia Hohenberg H. R. f. o.	5,000
Iskra "	6,500
Istinia "	5,000
Aug. Foherczegno "	7,700
Gerty "	6,688
Grot. Hedervary "	7,000
Columbia "	5,000
Erdely "	7,700
Ivor "	5,600
Protes "	5,000
Innsbruck "	5,000
Nippon "	5,000
Maria "	5,386
Arcadia "	7,000
Leopoldina "	6,000
Radium "	4,500
Immacolata "	5,500
Srgj. "	5,000
Abbazia "	3,500
Gastein "	4,500
Graz "	3,500
Baltico "	5,000
Karlsbad "	3,500
Leopoldis "	3,000
Jadera "	6,000
Mirza Blauburg "	5,000
Persia "	5,000
Ginlia "	5,000
Meran "	3,500
Giorgia "	8,000
Palacky "	4,000
Frags "	6,000
Baron Fejervary "	5,000
Cleopatra "	4,400
Marie Valerie "	4,400
Ellernia "	7,300
[Total]	213,574

PLATE

	D. W. Tons
Bucovina	3,500
Carinthia	3,000
Melpomere	7,000
Carniolia	3,000
Sirena	3,900
Baron Call	3,500
Barone Kemeny	3,200
Jokai	6,000
[Total]	33,100

AUSTRALIA

	D. W. Tons
Terreno	May 7,500

Appendix 161

Resolution From the Food Section Regarding the Use of Enemy Tonnage

At the 14th meeting of the Food Section it was pointed out that there would in all probability shortly be a considerable quantity of German tonnage in excess of that required for the transport of the foodstuffs which Germany has been able to finance, and this tonnage should, in accordance with the decisions of the Supreme Economic Council, be used for the transport of general relief supplies.

It appears that the Allied Maritime Transport Executive are proposing that, whereas the freights charged in the case of vessels carrying foodstuffs to Germany are based on Blue-Book Rates, the freights to be charged for all other purposes should be based on Allied Limitation Rates or Commercial rates, whichever are the lower.

The following resolution regarding this matter was passed by the Food Section for consideration by the Supreme Economic Council:

“That endeavour should be made to use surplus enemy tonnage for general relief in preference to other tonnage, with a view to increasing the funds available for relief and that the freight rates to be charged for this tonnage should be the same as those charged for vessels carrying foodstuffs to Germany.”

Appendix 162

Extracts From Minutes of the Transport Executive (16th May, 1919), Regarding the Allocation for Management of Enemy Ships in Mexico, Central and South American Ports to Great Britain

Telegrams were read between the United States Mission in Great Britain and the Shipping Board in the United States suggesting that the enemy vessels in Mexico, Central and South America, should be allocated to Great Britain for management.

The telegrams were as follows:

To Washington

13th May, 1919.

435. In view of fact that great majority of damaged German ships now in South American ports will probably be assigned to Great Britain in peace terms the Allied Maritime Transport Executive is considering allocating vessels in Mexican, Central American and South American ports to Great Britain to be placed in service pending decision of ultimate disposition of these ships. This would cancel obligation imposed on US several months ago to place all vessels in ports in service.

British feeling is that Great Britain can place vessels in service quicker than United States, and this is based on inability of United States to put any vessels in service so far. Please expedite reply as

to whether there is any objection to this procedure. Answer requested by 15th May for next meeting. Knapp.

From Washington
Secret.

16 May, 1919.

Boards Navy 907 Admiral Knapp from Stevens. Your 435. German ships in Mexico, Central and South American ports. This cable not received until 15th. Shipping Board and Department of State have no objection to the procedure outlined in your cable for allocating these vessels to Great Britain to be placed in service pending decision as to ultimate disposition of these ships. We approve this plan. American representatives in these countries have negotiated for the release of these vessels but we have not actually taken possession of any of (them) yet, because we have not yet secured definite information as to conditions of the ships, and the amount of money required to pay off due the liens and . . .⁷ Please inform us at once if this procedure is approved by the Supreme Economic Council in Paris so we may notify American representatives in Central and South America. Opnav.

The Executive decided to recommend to the Supreme Economic
Secretary Council that this re-allocation should take place.

Appendix 163

*Extract From the Minutes of the Transport Executive (16 May 1919)
[Regarding the Disposal of the Steamers Under Construction in
Ex-Austrian Ports]*

AUSTRIAN STEAMERS BUILDING.

With reference to the question of the vessels under construction in ex-Austrian ports at the time of the Italian occupation, and which were subsequently completed and put into service by the Italian authorities, such as the *Pilsna*, *Innsbruck*, *Cracovia*, *Ombla* and others, still in the course of completion, I am instructed to advise the A. M. T. E. that the Italian Government does not agree that the same principle applying for German ships should apply for the Austrian.

The latter were building in the Austrian ports when same were occupied by the Italian Army before the Armistice, and were completed as mentioned above by the Italians—such vessels, being, therefore, in effect seized by force of arms, must be considered as Italian property and must be treated as Italian ships, and as same do not fall in the pool, as the pool only contemplates enemy ships. The Italian authorities will agree to place these ships in the food service when possible, but on the understanding that they are not pool boats.

⁷ Omission indicated in the original.

The Allied Maritime Transport Executive did not feel able to come to a decision on this point, and therefore submit the same for the instructions of the Supreme Economic Council.

Appendix 164

[*Resolution From the Shipping Committee Regarding] Work and Organization of Shipping Section*

A recommendation that the Shipping Committee should be abolished was referred back by the Supreme Economic Council (Min. 171, 19th meeting) to the Shipping Committee.

The following resolution was unanimously agreed by the Shipping Committee on the 23rd May:

That a recommendation be made to the Supreme Economic Council that the Shipping Section or Shipping Committee of the Council discontinue as a committee of the Council: that the Allied Maritime Transport Executive be constituted as a committee of the Supreme Economic Council to sit in London, and that a representative of Belgium be added to such committee: that this committee should report to and be under the control of the Supreme Economic Council and that under such control it should deal with all shipping questions growing out of the interallied use of ships: and with a further recommendation that the Supreme Economic Council request the British representatives to appoint Mr. T. Lodge to act as liaison officer between the Transport Executive and the Supreme Economic Council, and that he be stationed in Paris.

Appendix 165

[*Extracts From the Minutes of 21st Meeting of the Communications Section Held May 21 Regarding Despatch of Railway Material to Poland Via Dantzig*

3a. It was decided that the Communications Section should request the S. E. C. to insist that the Germans should allow railway material and commercial shipments to pass through Dantzig to Poland.

Appendix 166

[*Note From the Food Section Regarding] Detention by German Government of Supplies for Poland*

DRAFT TELEGRAM TO GERMAN ARMISTICE COMMISSION

The German Government recently detained a number of cars carrying Red Cross supplies from Dantzig to Poland but have now given instructions for them to proceed to their destination.

The Germans have, however, asked for a guarantee that only food-stuffs and Red Cross stores would be transported to Poland through Dantzig.

This request was considered by the Food Section at their 14th meeting in conjunction with Article 16 of the Armistice Agreement which reads as follows:—

"The Allies shall have free access to the territories evacuated by the Germans on their Eastern frontier either through Dantzig or by the Vistula in order to convey supplies to the populations of those territories and for the purpose of maintaining order."

As this agreement obviously was not intended to apply only to food-stuffs it is proposed that the following telegram should be despatched to the Allied Armistice Commission at Spa:—

"Article 16 of the Armistice places no restriction on the character of the supplies which can be conveyed to the populations of the territories evacuated by the Germans on their eastern front, or for supplies necessary for the purpose of maintaining order, and in the view of the Supreme Economic Council it would therefore be impossible and highly inadvisable to give a guarantee to the German Government that only food supplies and Red Cross Stores are to be transported to Poland via Dantzig. It is almost certain to be necessary to import for relief purposes raw materials, clothing and railway repair material. In our view the Germans should merely be informed that they must conform with the letter and the spirit of Article 16."

Appendix 167*

Draft Telegram Regarding the Despatch From Danzig of Supplies Destined for Poland

Reference paragraph 14 of your despatch No. 180 of the 16th May. No answer need be returned to question raised by Germans with regard to despatch of war material via Danzig which is irrelevant. You should merely demand passage for any trucks certified by Allied representatives as containing supplies, stores or material intended for relief purposes. Such a certificate would not, of course, be given for arms or munitions of war.

* Appendix 167 is filed separately under Paris Peace Conf. 180.0501/34.

Appendix 168

Memorandum From Director-General of Relief [Regarding Financial Arrangements for Austrian Food Supplies]

24 MAY, 1919.

At a meeting of Food representatives to consider the position of Austrian relief, it was decided that the Supreme Economic Council should be asked to reconsider the entire situation. Up to the present moment, supplies and their costs, as shown by the annexed memorandum, have been sent into Austria from all quarters.

It will be recalled that the finance of Austrian relief has been arranged on the basis that the United States Treasury would provide a loan of \$30,000,000 as to \$10,000,000 each to England, France, and Italy, for the purchase of food supplies from the United States. The three Allies were to in turn sell on credits to Austria, as might be arranged. Subsequently this was increased to \$45,000,000 by an increase of \$5,000,000 to each Government. Upon the faith that these arrangements had been accepted by all of the Governments, the relief has so far proceeded and the sums shown in the table represent expenditures incurred.

The French representatives inform me that they have not so far secured the approval of the Chamber to the necessary appropriation for the Austrian loan corresponding to the American Treasury advances, but upon agreement with the French representatives, confirmed at meeting of the Supreme Economic Council on April 14th,⁹ approximately 60,000 tons of cereals have been loaded at the Atlantic seaboard by the Wheat Executive for French account, and are now either arrived or en route.

I understand that the French authorities have given directions that any further loadings of Austrian ships for French account should be diverted to France. It was agreed, however, by the Italian representatives, that in view of the fact that finance for freights has already been provided for by Italy, that this should be altered to a direction to the Wheat Executive that further loadings of Austrian ships should be made for Italian account, so that if there is a failure in finance for German-Austria, the cargoes will be available for Italy. By this means there would be no interruption in the loading and, on the other hand, unless the French appropriation can be completed, the whole food supply to Austria will collapse within the next twenty days.

⁹ See minute 90 (1a), p. 158.

I am informed that the outstanding difficulty with the French Government is the matter of obtaining adequate securities for advances to Austria. I am also informed that the question of obtaining adequate security has been taken up with the Austrians by the Finance Section. At a meeting held on May 21st, the former seemed willing to assign any form of security the Finance Section might intimate to them. Accordingly, on May 22nd, the Finance Section drew up a paper for signature by the Austrian Government, undertaking to assign as security for the food, if called on to do so, any or all of the following:

- (1) Gold and silver, including objects of gold and silver as well as coin, now in the hands of the Austrian Government or obtainable by requisition.
- (2) Foreign securities similarly obtainable.
- (3) The salt mines of Austria.
- (4) The State forests of Austria and also the proceeds of all exports of timber, including those effected by private persons.
- (5) The buildings and real estate of all Austrian towns exceeding 50,000 inhabitants.
- (6) All public utility enterprises in Austria.
- (7) All future revenues of the Austrian Government of whatever description.

It would hardly be possible to go further than the above and there is no other asset, except the Austrian ships which are already in the hands of the Allies. This last item presents special difficulties, but should not be overlooked inasmuch as it represents the only asset available for immediate realization independent of the future of Austria.

It has already been laid down that the cost of food supplies to Austria should take precedence over all reparation payments to be demanded of her.

The only obstacle to the provisioning of Austria up to \$45,000,000 lies therefore with the French Government.

I should like to point out that the expenditure on food relief in Europe by the American, British and Italian Governments, outside of any recoveries of liquid assets, will, since the Armistice to the end of May, exceed the sum of \$400,000,000, and that so far as I am aware the French Government has so far not found itself able to take any participation in this burden except for the small sums expended on Russian prisoners. The technical situation surrounding Austria seems to make the matter entirely hopeless unless we can have support by the French Government, accepting the loan from the United States Treasury for this purpose.

In view of the urgency of securing a settlement to the Austrian question, I do urgently recommend to the Supreme Economic Council that

the situation be either settled at once or brought to the notice of the Council of the Heads of States, as will enable the acceptance by all parties of the plan.

HERBERT HOOVER
Director-General of Relief

[Annex—Memorandum]

FOOD DELIVERED TO AUSTRIA

24 MAY, 1919.

The following represents the approximate amounts paid for American food by the different Governments, from January 1st to May 19th:

United Kingdom.	\$8,000,000
Italy	23,000,000

These estimates do not include transportation paid by France, Italy or the United Kingdom.

In addition to the above, about \$2,500,000 has been supplied from the United States by charity and exchange and about \$13,000,000 supplied from surrounding areas through trading by Austria itself.

The available balances upon the \$15,000,000 basis would be:

United Kingdom	\$7,000,000
France	<u>15,000,000</u>
Total.	\$22,000,000

This will perhaps furnish them a meagre ration until mid-July, leaving a lacuna of about a month until harvest. If peace is made soon the Austrians should be able to find a month's supply by some device. The harvest will be sufficient for about four or five months.

Supreme Economic Council: Twenty-first Meeting Held at the Ministry of Commerce [on 2d June, 1919, at 10 a. m.]

The Supreme Economic Council held its Twenty-first Meeting on Monday, 2nd June, 1919, at 10 a. m. under the Chairmanship of Lord Robert Cecil.

The Associated Governments were represented as follows:—

UNITED KINGDOM:	Sir Hubert Llewellyn Smith, Mr. Wise, Sir Wm. Goode, Sir Wm. Mitchell Thomson,
UNITED STATES:	Mr. Hoover, Mr. McCormick, Mr. L. Summers.
FRANCE:	M. Clémentel, M. Claveille, M. Seydoux.
ITALY:	Prof. Attolico, Signor Pirelli, Dr. Giannini,
BELGIUM:	M. Jaspar, M. de Cartier de Marchienne, Lieut. Col. Theunis.

192.

The Minutes of the Twentieth Meeting were approved.

193. **Financial Arrangements for Austrian Food Supplies.**

With reference to Minute 191 a letter dated 30th May (169) from the German-Austrian Delegation at St. Germain, giving guarantees for credits opened or to be opened by any of the Allied and Associated Governments for the revictualling of German-Austria, was read.

The French Delegates pointed out that the letter only referred to foreign securities whereas the Allied and Associated Governments had required that all available securities should be assigned for the payment of food. The desirability of drawing the attention of the Delegates of the German-Austrian Government to this fact was considered.

It was agreed:—

(a) that, in the absence of the Financial Delegates, the letter from the German-Austrian Delegation should be referred to the Finance

Section for consideration at a special Meeting to be held on the morning of Tuesday, 3rd June;

(b) that, subject to any observations which the Finance Section might have to make, there was no objection to the letter being reported to the French Budget Committee at their Meeting on Tuesday, 3rd June.

194. Despatch of Supplies to Poland.

The Telegram from Marshal Foch to General Nudant dated 27th May (170) prepared in accordance with the decision reached by the Council at their previous Meeting (see Minute 189) and requesting that the German Government should be instructed to give full facilities for the transportation via Dantzig of all relief and reconstruction material destined for Poland, was submitted for the information of the Council.

195. Trade Between Germany and Austria.

A Minute of the Twenty-fourth Meeting of the Blockade Section (171) was submitted, recommending that an undertaking should be obtained from the Austrian Government before the conclusion of Peace with Austria to the effect that Austria would prohibit trade with Germany, except with the approval of the Associated Governments, until the date of the formal approval by the German Government of the signature of Peace by the German Delegates.

It was agreed that the principle involved in the above proposal should be approved and that the Blockade Section should be authorised to draft the actual recommendation to be placed before the Council of Heads of States.¹

196. Restriction of Trade With Hungary and Bolshevik Russia.

The following documents relating to the prevention of re-exports to Bolshevik Russia and Hungary after the raising of the Blockade of Germany upon the acceptance by Germany of the Peace Terms were considered:—

(i) A Resolution passed by the Blockade Section at their Meeting on 24th May (172);

(ii) Note from the French Delegate on the Blockade Section dated 30th May (173);

(iii) Note from the American Delegate on the Blockade Section dated 31st May (174).

The French Delegates reiterated their view, as outlined in the Note from their Delegate on the Blockade Section, and were supported by the Belgian Delegates in the proposal that an announcement should be made, as has already been done in the case of Hungary, that commercial relations with Russia can only be renewed when the country

¹ See CF-79, minute 3 and appendix III, vol. vi, pp. 587 and 590.

has a Government offering satisfactory guarantees of liberty and stability.

The British, American and Italian Delegates after some further discussion were unable to accept the proposal put forward by the French Delegates, it being their view that, while the maintenance of the blockade of Hungary would be a comparatively easy matter as long as a state of war exists, there would be considerable legal and technical difficulties in retaining control of trade with Bolshevik Russia after the formal acceptance by Germany of the Treaty of Peace, in view of the fact that there is no actual blockade of Russia and the Trade agreements with the Border Neutral Countries now in existence would terminate at that time.

It was agreed that a statement should be prepared for transmission to the Council of Heads of States setting forth the views of the British, American and Italian Delegates and those of the French and Belgian Delegates, with a request that the Council would give a decision regarding this matter.

197. Control of Traffic on the Rhine.

With reference to Minute 183 a note from the Communications Section (175) embodying detailed proposals for the continuance of the control of the traffic on the Rhine by the Commission Inter-Allié de Navigation de Campagne after the signature of the Preliminaries of Peace and until the establishment of the International Rhine Commission, was submitted.

The Director-General of Relief pointed out that, since the last Meeting of the Council, the Council of Heads of States had appointed a Commission to consider the organisation necessary for the administration of the occupied territories on the Rhine after Peace, and submitted and [*that?*] the matter did not, therefore, call for further consideration by the Supreme Economic Council at the present time.

It was agreed:—

(a) to take no action in the matter for the present, it being understood that the Chairman would ensure that the Commission referred to above should consider the questions raised by the Communications Section;

(b) that the Communications Section should inform the Supreme Economic Council in the event of any difficulties arising in connection with the navigation on the Rhine.

198. Trade Between Alsace, the Left Bank of the Rhine and Unoccupied Germany.

With reference to Minutes 151 and 188 a Report from the French Delegate on the Blockade Section dated May 29th. (176) regarding the export of manufactured goods from Alsace to unoccupied Germany, was noted.

The French Delegates further mentioned that instructions had been given to the French Authorities in Alsace to suspend all exports to the Right Bank for the time being.

The American Delegates pointed out that the question was of the utmost gravity; that Switzerland has entered a formal protest claiming discrimination against border neutrals because of the shipment of commodities to Alsace, and the re-exportation into unoccupied Germany. They submitted that all reports of alleged abuses in connection with exports from Alsace and the Left Bank of the Rhine to the Right Bank should be rigorously examined, and that, in fairness to the smaller neutral countries, the delinquents should be required to give a full account of their action.

The French Delegates undertook to supply, as soon as possible, a full statistical statement of the export trade from Alsace with unoccupied Germany.

It was agreed:—

(a) That the Delegates of the Allied and Associated Governments should obtain all available data regarding the export trade from the Left to the Right Bank of the Rhine, and take adequate precautions to guard against all abuses.

(b) That in reply to their note regarding the S. S. S.^{1a} the Swiss Government should be informed of the present position as outlined in this Minute.

199. Importation Into Germany of Medical Supplies.

A Resolution from the Sub-Committee on Germany (177) recommending that the importation into Germany of any drugs or medical accessories not obtainable in Germany should, subject to the provision of the necessary finance, be permitted, was submitted and approved.

200. German Exports.

(a) A letter from the German Economic Commission dated 22nd May (178) regarding the interpretation of the prohibited lists of German exports and a note from the Sub-Committee on Germany dated 27th May (179) were submitted.

With reference to Minute 166 regarding the decision reached by the French Government that the proceeds of the sales of German coal to France should be credited to Germany in payment for food, the American Delegates stated that although the price to be paid for this coal had been mentioned no definite announcement had yet been made to the German Government. A considerable amount of money had now accumulated to the German account from this source but none of it could yet be used for the payment of food although considerable

^{1a} Société Suisse de Surveillance Economique.

quantities of bacon and oilseeds were available out of French stocks, which the German Government desired to purchase as soon as they could complete the arrangements.

The French Delegates stated that there is now no discussion as regards price and that the only point at issue was whether the German food account should be credited with the total value of the coal supplied since the Armistice or with the value of that supplied since the beginning of the execution of the Brussels Agreement. They added that the French Government would give a definite reply within 48 hours.

It was agreed that, if necessary, a special meeting of the Council, should be held on Wednesday, 4th June, to consider the matter further.

(b) The Italian Delegates stated that they were endeavouring to arrange with the German Government for the supply of 1000 tons of coal per day from the Ruhr coal fields but that they had been unable to come to an agreement as to price pending a settlement between the French and German Delegates as to the price to be paid for German coal sent to France.

They added that now that the French Government had come to an agreement regarding this price, they proposed to proceed with their negotiations with a view to purchasing the coal for Italy at the same price.

Agreed.

(c) A note from the Italian Delegates dated 30th May (180) regarding the price to be paid for timber to be purchased from Germany, was submitted.

The Italian Delegates stated that after further consideration of the matter they had decided that they would be prepared to purchase the timber at prices other than the "German home price" but that the French Government had raised objections to this decision on the ground that it might prejudice future negotiations in respect of other commodities.

It was agreed that as the principles to govern the negotiations of the Allied and Associated Governments with Germany for the purchase of commodities on the pre-emption list had already been laid down by the Supreme Economic Council the point raised by the Italian Delegates did not require consideration as they were at liberty to come to any agreement with the Germans they wished, within the limits of the principles established by the Council.

201. General Food Policy After Peace.

A Memorandum by the Director-General of Relief dated 31st May (181) regarding measures to be taken subsequent to the completion of the existing relief programmes and the general food policy to be adopted for the coming cereal year, was submitted.

It was agreed

that the problems raised in the Director-General's memorandum should be considered by a Sub-Committee composed of the following members:—

United Kingdom	Lord Robert Cecil
United States	Mr. Hoover
France	M. Clémentel
Italy	Signor Crespi
Belgium	M. de Cartier de Marchienne.

Appendix 169²

[*Letter From the German Austrian Delegation Regarding Financial Arrangements for Austrian Food Supplies*]

DELEGATION OF THE REPUBLIC OF GERMAN AUSTRIA,
ST. GERMAIN, May 30, 1919.

To the PRESIDENT: Following on the meeting which took place between the Delegates of the Financial Section of the Supreme Economic Council in connection with the Peace Conference and several Technical Delegates of the Government of German Austria, I have the honour to acquaint you with the following declarations made in the name of the aforesaid Government:—

The Government of German Austria undertakes to secure the financial guarantee for the credits which have been opened, and are still to be opened, by the Governments of the Entente for the provisioning of German Austria with the aid of one or other of the following means, or of more than one:—

1. Payment of gold and silver money belonging to physical and moral persons of Austro-German nationality, which will be requisitioned for this purpose under the terms of a law which will be submitted for the approval of Parliament. It is understood that this clause does not apply to the metallic reserve of the Austro-Hungarian Bank.

2. Delivery of the foreign securities belonging to the Nationals of German Austria, and inscribed upon a list which will be drawn up by the creditor Governments after requisitioning of these securities under the terms of a law which will be presented to the Parliament by the Government of German Austria.

3. The handing over to the creditor Governments of the credits in foreign countries resulting from sales of timber coming from forests belonging to the State or to public or private persons, until the establishment of a mortgage upon the forests belonging to the same persons and having an area in excess of 500 hectares, under reservation of the sole liens (*servitudes*) or exploitation charges or mortgages in exist-

² Appendix 169 is filed separately under Paris Peace Conf. 180.0501/35.

ence at the same date. Those forests will be accepted which belong to the Nationals of the creditor countries before May 15, 1919.

4. Handing over all the net product of the exploitation by the State of the salt mines situated in the territory of German Austria and the establishment of a first mortgage upon the said salt mines, upon the factories, and all installations dependent thereon in repayment, or provision for repayment, of the mortgages already after existence.

5. For one portion of the credits a guarantee to be given by the City of Vienna. The Government will use all its influence to secure the allocation of the net revenues of sites built on or not built on, and all the industrial concerns belonging to the town of Vienna, and to other towns of German Austria having a population in excess of 50,000 inhabitants, and the establishment of a mortgage upon the said properties.

The Government of German Austria will communicate as soon as possible, in any case before the end of June 1919, the decision taken by the Austrian Parliament with reference to the objects mentioned in paragraphs 1 to 4 inclusive.

The creditor Government, after having heard the financial experts of the German Austrian Government, will inform this Government as to the revenues or guarantees required by them in the above list in order to obtain financial covering for the food credits.

A special convention will fix the conditions of payment or the utterances of protests, as also the conditions of establishment of the guarantees required by them, the Government of German Austria to undertake at its own expense in due form all formalities necessary to this effect.

It is agreed that the guarantees thus handed over shall be liberated, and the mortgages thus constituted shall be written off *pari passu* with the partial repayments effected by the Austrian Government on account of the payment of the food credits which have been granted to it.

The Government of German Austria declares in general that it will earmark all its revenues of whatever sort to the liberation, at the times and places which will be determined, of the food credits which have been granted to it. In the meantime it remains to determine the methods of payment and the guarantees, as also the legal establishment, of the said guarantees and mortgages.

We assume that the total of the pledges will be fixed in relation to the total of the credits, the value of the pledges being determined either by objective rules (for example, in the case of gold by the standard and weight, in the case of securities by the Stock Exchange value, deduction being made of the usual margin for the securities in question) or by an estimate drawn up by a mixed commission, for example, in the case of forests.

The question then, for the moment, is to determine the pledges sufficient to cover the food credit of 45,000,000 dollars granted hitherto.

In addition to the total of this credit it will be necessary to obtain supplementary credits for the provisioning of our country; the covering of this credit should be accomplished by means of one or other of the pledges enumerated above.

Our intention being to abandon as quickly as possible the system of food credits, it is absolutely necessary to put our factories in operation once more, which makes necessary the purchase of raw materials in foreign countries, a purchase which could only be made when the Governments of the Entente have determined their choice out of the list of guarantees which contains practically the whole of our realisable assets.

Further, we consider it necessary that the Governments should choose those guarantees which by their nature lend themselves less easily to other transactions, that is to say, the guarantees referred to above under 3, 4 and 5, and that we should be left with those portions of the guarantees which permit us most easily to obtain other credits.

It would also be desirable that the contract relative to the pledges should provide for a possible substitution by agreement with the creditor Governments in order to liberate certain portions necessary to obtain other credits, and to replace these portions by other pledges considered adequate by the Governments of the Entente.

We assume, finally, that the creditor States will avoid in realising the pledges referred to above any measures which might affect the monetary situation of German Austria, which is already very serious.

I have [etc.]

RENNER

Appendix 170

Telegram [From] Marshal Foch, Commander in Chief of Allied Armies, to General Nudant, President of the Permanent Inter-Allied Armistice Commission, Spa

A. G. H. Q., May 27, 1919.

1. The German Government has recently held up a number of cars carrying Red Cross supplies to Poland via Dantzig.
2. Following a demand made by the Chief of the American Mission and Captain Harvey of the British Mission at Spa, the German Government issued an order permitting this transport to be made, but it has requested that it be guaranteed that only foodstuffs (*denrées alimentaires*) and Red Cross material shall be transported to Poland via Dantzig.

3. According to Article XVI of the Armistice Agreement, the Allies shall have free access to the territories evacuated by the Ger-

mans on the Eastern frontier, either through Dantzig or by the Vis-tula, in order to convey supplies to the populations of these territories and for the purpose of maintaining order.

4. In accordance with the request of the German Government, the Allies have recognised other means of transportation by the protocol of Apr. 4, 1919.^{2a}

But this protocol was only to affect the transportation of the troops of General Haller's army, and all transportation of relief and reconstruction materials (*de ravitaillement et de reconstitution*) especially railroad materials, stocks of foodstuffs and commodities acquired by Poland from Allied countries must be made by Dantzig in accordance with Article XVI of the Armistice Agreement.

5. I request that you bring this communication to the attention of the German Government in order that no similar incident may occur in shipments made via Dantzig.

By order of the Major-General
WEYGAND

Appendix 171

[Extract of the Minutes of the 24th Meeting of the Blockade Section, May 24, 1919, Regarding Trade Between Germany and Austria]

The Blockade Section submit to the Superior Economic Council the following minute (sub paragraph *c* of paragraph 9 of minute No. 200) regarding trade between Germany and Austria, in order that the necessary steps may be taken with the Austrian Authorities.

MINUTE 200.—

PARAGRAPH 9.—MISCELLANEOUS.—

(c) The Inter-Allied Commission in Austria should be instructed to use their best endeavours to secure from the Austrian Government a prohibition against trade with Germany.

It is recommended that an undertaking should be obtained from the Austrian Government, as soon as possible and in any case before the conclusion of Peace with Austria, to the effect that Austria will prohibit trade with Germany (except in so far as permitted by the Associated Governments) until the date of the formal approval by the German Government of the signature of Peace by the German Delegates.

^{2a} *Der Waffenstillstand, 1918-1919*, band 2, p. 363.

Appendix 172

*Extract of Minutes of the 24th Meeting, Blockade Section,
May 24th, 1919*

201. RESTRICTIONS ON TRADE WITH BOLSHEVIK RUSSIA AND HUNGARY.

The Council considered an inquiry from the British Foreign Office as to what measures were contemplated for preventing re-exports to Bolshevik Russia and Hungary after the raising of the blockade of Germany upon the acceptance by Germany of the Peace Terms. Following an extended discussion of the advisability of maintaining the blockade against Bolshevik Russia, the Council adopted the following:

Resolution, that the Superior Blockade Council submits for the consideration of the Supreme Economic Council, the question as to whether after the acceptance of the conditions of Peace by Germany, measures are still to be taken to prevent commodities from reaching Bolshevik Russia or Hungary.

Appendix 173

*Note [From the French Delegate on the Blockade Section] on
Resumption of Commercial Relations With Bolshevik Russia*

It has been agreed that when the German Government have definitely accepted the conditions of Peace presented to them by the Allies, the blockade will be raised. It now remains to be seen whether this measure ought to apply to Bolshevik Russia and to Hungary as well as Germany.

1. As regards Hungary, the question seems to have been settled by the decision of the Council of Four,³ following which a Note was published by the Press to the effect that the Blockade would be lifted as soon as a stable Government had been established in that country. It seems therefore that for Hungary, at least, the raising of the blockade does not depend on the date on which the blockade will be raised in Germany, but that it depends solely on the internal situation of the country.

2. There is no doubt whatsoever, but that it should be the same for Russia, and that the raising of the Blockade in Bolshevik Russia should coincide, not with the acceptance of the Peace Terms by Germany, but with the institution in Russia of a steady Government, giving adequate guarantees.

* See CF-23, minute 1, vol. v, p. 813.

3. At the present time, Bolshevik Russia is practically surrounded by armies more or less under the direct control of the Allies. As a result, a situation has arisen altogether without precedent—the Allied Powers are not at war with Bolshevik Russia, but they encourage and support all the organisations which are fighting this country; they find themselves forced to revictual these organisations and to send to the rear of the fronts so established, supplies of foodstuffs, raw materials and war material necessary for the revictualling of the districts in the possession of or conquered by these organisations; it is thus that Finland and Estonia have been reopened to trade as soon as these two parts of old Russia had formed a local stable Government; up to the present the conditions existing in Latvia and Lithuania have so far prevented the reopening of trade with these districts.

4. The supply of foodstuffs and raw materials plays an extremely important part in the fight against Bolshevism: It was chiefly on account of revictualling that the Allies were forced to abandon Odessa, the population—lacking foodstuffs—having become hostile to the Allies. It is evident, therefore, that in feeding the populations under the Bolshevik regime, the Allies will lose one of their most formidable weapons against Bolshevism, especially if the populations fighting against Bolshevism are not adequately supplied with food-stuffs, which does not seem to be the case.

5. There is also no doubt that the raising of the Blockade of Bolshevik Russia would have an extremely grave moral effect on the populations and troops fighting against Bolshevism. Such a measure would lead to implicit recognition of the Bolshevik regime at the precise moment when the Forces fighting against it seem to be at the point of attaining their goal.

6. As there is no declared blockade on Bolshevik Russia, it would be sufficient, it seems in order to raise the blockade to announce through the Press to the merchants of the whole world that trade relations can be renewed with Bolshevik Russia, as has been the case with regard to Czecho-Slovakia, Roumania, Serbia and other countries with whom the Entente was not at war; but in view of the present conditions in Bolshevik Russia, not only because those districts are surrounded by a front more or less continuous, but owing to the financial and shipping situations, this reopening of trade would have practically no result. We have seen how difficult it has been to re-open commercial relations with the South-Eastern countries of Europe in which there had been no blockade restrictions; these relations have been re-established since the month of February, in the widest sense of the word and without any delay. However, the re-establishment of trade is very slow, both on account of the difficulties of communica-

tions and of the financial state of the country, which prevents them from paying in a satisfactory way for the commodities despatched to them. It would be the same with Bolshevik Russia, the situation there being even worse.

6. [sic] It would, therefore, be necessary, if it is desired to re-open commercial relations with Russia, i. e. to import commodities and receive payment for same—to come to an agreement with the Authorities of the country—the Bolsheviks—who are absolutely masters of the districts they occupy for the time being and who have destroyed all the commercial organisation existing outside their regime. This would be going against the policy of the Entente.

7. When trade is restarted with Russia, it will be necessary to address communications to the Authorities of the towns and villages, chiefly to the co-operative Societies which were so powerful there before the war; but as these Societies have largely been destroyed and annihilated by the Bolsheviks, they must be re-established and this can only be done when the Bolshevik Regime has been supplanted by a Government which will re-organise the normal trade of Russia.

8. It is unnecessary to point out that if application is made to the Lenin Government to restart commercial relations with Russia, only Bolshevik officials and Armies will profit by the revictualling. All re-establishment of trade with Russia at the present time, without the agreement of the Russian people themselves, would have the fatal result of putting into the hands of the Government all the commodities sent to Russia. Nothing could further the Bolshevik cause more than such a measure.

9. Finally, it would be well to make the same arrangement with Russia as with Hungary and to make it known that commercial relations can only be restarted with Russia when this country has a Government offering satisfactory guarantees of liberty and stability.

M. SEYDOUX

30 MAY, 1919.

Appendix 174

*Memorandum From Mr. McCormick Regarding Blockade of
Hungary and Bolshevik Russia*

1. As no formal blockade of Hungary and Bolshevik Russia has been proclaimed, the maintenance of blockade conditions, as far as the Associated Governments are concerned, depends primarily upon their domestic regulations regarding imports and exports and existing agreements with the border neutrals.

It seems advisable that these agreements with the border neutrals should be terminated at the time of the formal acceptance by Germany

of the Treaty of Peace (or as soon thereafter as their terms permit). These agreements were made primarily for the purpose of restricting trade with Germany and it is understood that at the time of such acceptance by Germany, the existing blockade restrictions against her will be removed.

Continuance of blockade conditions against Hungary and Bolshevik Russia after that time would, therefore, require new agreements or other arrangements with neutrals to be made. So far as the United States is concerned, new legislation would be required to enable the War Trade Board after the conclusion of the war with Germany to continue to participate in any arrangements of a blockade nature, or to regulate imports or exports. It would not be practicable to attempt to secure such legislation for the sole purpose of maintaining a blockade against Hungary and Bolshevik Russia.

2. It is very doubtful whether the declaration of a formal blockade would be practicable or desirable. As between Russia and the United States at least, a state of war does not exist. The declaration of a formal blockade would be equivalent or preliminary to a declaration of war.

3. The remaining possibility is that the continuance of blockade conditions may be sufficiently maintained by the practical difficulties of importation through the territory contiguous to Hungary and Bolshevik Russia.

Hungary is surrounded by countries which, with the exception of German-Austria, are in sympathy with the aims of the Associated Governments and unlikely to facilitate importation into it.

In connection with the peace negotiations with German-Austria, an arrangement might be made which would cover trade between it and Hungary.

Bolshevik Russia is also surrounded in a somewhat similar manner. If Petrograd falls under Allied control, Odessa would be practically the only port to which shipments could be made. In view of these circumstances, and on account of lack of credits in other countries, it seems unlikely that, even in the absence of restrictions imposed by the Associated Governments, any very large importations would occur during the next few months.

Appendix 175

Note From the Communications Section for Submission to the Supreme Economic Council, on Procedure for Facilitating Relief and Economic Traffic on the Rhine

At present the navigation of the Rhine is controlled by the Commission Inter-Allié de Navigation de Campagne which besides its

functions of control is responsible for organising and directing the transport of supplies for the Armies of Occupation and the civilian population.

After the signature of the Preliminary Peace the Commission Inter-Alliée de Navigation de Campagne will continue to function as long as there are Allied troops in the Rhineland.

Under these conditions this Commission will continue to control the carrying out of all transports, and in particular those asked for by the Supreme Economic Council, subject of course to military necessities.

Requests for transport and suggestions of an economic nature which the Supreme Economic Council may make will be communicated to the High Command by Marshal Foch's representative on the Communications Section.

Appendix 176

Note for the Supreme Economic Council [From the French Delegate on the Blockade Section Regarding] Trade Between Alsace and Un-Occupied Germany

29 MAY, 1919.

The American Delegates submitted information received by telegram from the Alsace-Lorraine Administration on the subject of cotton fabrics from Alsace-Lorraine to Germany. The information in question being inadequate, M. Alicot, 1st-Class Consul, was sent by the Blockade Department to investigate the matter on the spot.

1. The decree of the 30th November, 1918, contains the following decision:—

“Article 2, That all trade whatsoever is prohibited between Alsace and Lorraine and enemy subjects residing in enemy or neutral territories subject to licenses eventually granted in the general public interest, by the authority charged with the administration of Alsace and of Lorraine”.

2. In order to put this decision into operation, a Commission was formed at Strasbourg by order dated 14th December, to decide upon licenses for trade between Alsace-Lorraine and the Right Bank of the Rhine. This Commission constitutes an executive body which regulates any particular demand for licenses.

The Executive body is composed of the following members: The President of the Commission of Field Railways of Alsace-Lorraine, a Delegate of the High Commission of the Republic of Strasbourg, the President of Field Navigation Commission of Alsace-Lorraine, and an Officer of the Intelligence Service.

Exports
of Cotton
Fabrics to
Germany

3. It was absolutely essential to prevent the factories in Alsace and Lorraine from ceasing to work, in order to avoid the unemployment of several million of workmen. One must not lose sight of the fact that the greater part of these factories worked during the whole period of the war and still have large stocks of material left; these commodities can only be sold to the right bank as they were made for this destination alone and were not suitable for French or Neutral markets.

The Permit Commission therefore granted licenses for the export of these stocks of commodities in quantities sufficient to keep the factories working.

4. It appears evident that, after the sale of goods manufactured with the raw materials stocks in the factories before the Armistice, it was necessary to give the factories authority to sell in Germany the goods manufactured with raw materials brought into Alsace and Lorraine since the Armistice; there should be no question of stopping the manufacture of the commodities.

It must not be forgotten that the Swiss factories were authorised during the whole of the war to send certain kinds of their products to Germany; if these factories were unable to alter their machinery during the four years of the war, and were compelled to manufacture goods ordered by the Germans, it is only natural that the Alsace-Lorraine factories could not transform their machinery in a few months only, and they were therefore obliged to continue manufacturing the same kinds of goods, and consequently had to export them in the same way.

5. Besides the Inter-Allied Administration of the Rhineland had to take similar measures in connection with the factories of the right bank; steps have been taken to prevent unemployment and to continue manufacturing, and to leave to the factories their natural outlets.

6. Not only is the present life of the Alsace and Lorraine factories at stake, but their commercial future as well. In fact, under the draft Treaty of Peace the goods of Alsace and Lorraine will be allowed to be imported into Germany free of duty for five years. If the importation into Germany of goods from Alsace and Lorraine were entirely stopped during the period between the Armistice and Peace, the manufacturers of Alsace and Lorraine would find themselves supplanted on the German market, to the benefit of Switzerland, which would be the only country able to export.

7. It is none the less true that the concessions given have often been abused; that they have not always been applied to the essential needs of the factories alone, in fact steps had already been taken or considered before the Blockade Department investigated the matter.

8. A certificate of origin must be produced since the 11th April for all goods manufactured in Alsace and Lorraine going to Germany (by Germany is understood the right bank and the left bank, that is to say the whole of the districts with which the factories of Alsace and Lorraine freely traded before the war). This certificate, which is furnished by the Strasbourg Chamber of Commerce, certifies that the goods were manufactured in Alsace or Lorraine.

9. The Permit Commission will be re-organised and presided over by the Director-General of Commerce of Alsace and Lorraine, and will have an exclusively commercial and technical character.

10. Formal instructions have been sent by the Blockade Department to the High Commissariat of Alsace and Lorraine in order to bring about the cessation of exports of goods to the right bank of the Rhine.

Further, the authorities of Alsace and Lorraine did not hide from the Blockade Delegate that the Alsatian manufacturers bitterly complained of the heavy consignments of goods being sent to Germany from Switzerland, chiefly by the silk manufacturers at Basle, who get the goods through in contraband and by the help of Swiss agents. They also added that considerable quantities of goods of foreign production are sent from the Left to the Right Bank of the Rhine. A special enquiry was immediately made to verify these latter points.

Appendix 177

Resolution From the Sub-Committee on Germany [Regarding] Supply of Medical Stores to Germany

1. In order to counteract the spread of skin diseases, the International Red Cross Committee has requested that the Associated Governments should approve the importation into Germany of a specific quantity of drugs, namely, 150 tons of American vaseline, 10 tons of sulphur, available in Italy or America, and a reasonable quantity of American Sparadraps.

2. The Superior Blockade Council has approved the importation of the quantities quoted above.

3. The Sub-Committee on Germany makes the following general recommendation :

4. That the importation into Germany of any drugs or medical accessories not obtainable in Germany should, subject to the provision of the necessary finance, be authorised as a matter of principle.

Appendix 178

[Letter From the] German Economic Commission to the Supreme Economic Council

VERSAILLES, May 22, 1919.

With reference to the communication of the Supreme Economic Council of May 14th,⁴ concerning the interpretation of the clauses contained in Note "C. I. P. A. 766-G," dealing with German export, it is again emphasized, as has already been done in the "Memorandum handed over on the 2nd April in the Château Villette ["], that the interpretation of the prohibited lists is not in accordance with the intention of the Brussels Agreement.

In Appendix 3 of the Brussels Agreement, Section 4, reference is only made to a prohibited list, that is to say, it was contemplated that the Allied & Associated Governments desired to exclude completely certain sorts of goods from export from Germany. The German Delegates then expressed the desire that this list should be as short as possible and, at the request of the Allied and Associated Governments, declared itself ready to draw up a list of these export articles which they particularly desired should not be included on the prohibited list.

In the prohibited list, set out in the Note, "C. I. P. A. 766-G," the intention of the Brussels negotiations was completely disregarded. Precisely those export articles, upon whose export Germany lays the greatest importance because it can hope in the event of their unrestricted export to make very large sums for the credit of the food account, were it is true not excluded in principle from export, but, by provisional prohibition with the two-thirds option for the Allied and Associated Governments, the export of these articles was rendered so difficult that in practice the development of a free export activity on the part of Germany in these articles is impossible. Experience hitherto has shown that, in the case of sales to the Allied and Associated Governments which have been the subject of negotiations in Rotterdam and Cologne, practical results have only been obtained to a very slight extent, if at all. Apart from the sale, after a very long delay, of a relatively small quantity of potash, it has for the first time been possible here in Versailles in a special case to arrive at an agreement with Italy for delivery of wooden sleepers.

The German Government is, of course, ready to make offers to the Allied and Associated Governments for all goods which they desire to take from Germany but, in view of the experience hitherto, it is not believed that negotiations between Government and Government in

⁴ See minute 158, p. 262.

respect of such commercial transactions, especially under the restricted transport conditions of the Armistice, can have the practical success desired by both parties. In particular, the German Government must enter a protest against the prices, at which possible sales to the Allied and Associated Governments are made, being dictated by the Allied and Associated Governments. It is requested that action should be taken in this matter without delay.

GERMAN ECONOMIC COMMISSION
R[ICHARD] MERTON

Appendix 179

Note by the Sub-Committee on Germany [Regarding] German Exports

The attached letter No. W. 41/92, from the German Economic Commission at Versailles,⁵ on the subject of the interpretation of the clauses contained in Note C. I. P. A. 766-G, dealing with German export, is submitted to the Supreme Economic Council for information.

The Sub-Committee on Germany is of opinion that the attached letter requires no answer.

(27 MAY, 1919.)

Appendix 180

[Memorandum From Italian Delegation Regarding] German Exports

The Italian delegation wishes to call the attention of the Supreme Economic Council to the following communication from the German Economic Commission with reference to negotiations for the purchase of timber.

Message from Sub-Committee on Germany to Italian delegation:

"Herr Merton wishes to inform the French and the Italians that the Germans cannot uphold the offer which they made at y'day's (29th) meeting as long as the question of principle is not determined i. e. the question whether the price should be of German home price or the price ruling in other countries. This withdrawal applies also to the offer originally made to the Italians."

Paris, 30 May, 1919."

⁵ See appendix 178, *supra*.

Appendix 181

Memorandum to the Supreme Economic Council [From the Director-General of Relief Regarding General Food Policy After Peace]

The time has arrived when it is desirable for the Council to consider steps to be taken for the liquidation of practical world food control which exists today. Obviously, such a liquidation depends upon three factors: (a) the consummation of peace prior to this harvest, (b) upon there being sufficient food supplies in the world during the next harvest year to meet the world's needs, and (c) a sufficiency of shipping to handle the world's trade. As to (a) we must assume that we shall have peace before the end of July. As to (b) I am convinced from a critical study of the world crop prospects that there will be a sufficiency of supplies. As to (c) I am informed that with the constantly increasing volume of shipping and the completion of repatriation there will be a much greater mobility in food shipping than any time during the past two years.

The machinery of world food control which developed during the war has relaxed to a great extent among the Allies and neutrals but has necessarily been much extended during the armistice in relation to areas now and formerly dominated by the Germans.

I

Of joint Allied controls, the Wheat and Sugar Executives are practically the only ones outstanding, except the co-ordination carried out through the Food Section. With completion of present wheat and sugar contracts, the combined buying of the Allies is probably no longer necessary and can be replaced by the independent buying each by their own national purchasing agency or by normal commerce. The matter should, however, be considered by these two inter-Allied agencies. The United States will not have the legal powers to enter upon any further joint sugar purchases. The Food Section of the Council will naturally dissolve with peace.

II

The remaining control of neutral imports and purchasing activities will necessarily end with peace and with the end of the blockade, nor is it commercially advisable.

III

There remains to be considered the measures in course with the formerly occupied and German territories.

a. As to Germany, I should propose that within a few days of peace no further ships should be loaded by the agencies of the Allied

Governments but that the Germans should be informed that they must instruct their own agencies abroad to arrange their loading.

b. As to the liberated or ex-enemy States, Finland, Estonia, Lavinia, Lithuania, Poland, Roumania, Bulgaria, Greater Serbia, Czecho-Slovakia, Austria and Belgium have been under relief administration in which credit purchase, transportation, and to a large extent internal distribution have been formed and administered by the agencies of the Associated Governments. In their political and economic situation no other measures could have saved wholesale starvation, and could have laid the foundations for stable Government. With the coming harvest their food resources will be greatly expanded. In fact, Bulgaria, Roumania, Greater Serbia, and old Turkey, outside of Armenia, will have sufficient of the principal staples and enough in surplus to exchange for their other food necessities. Belgium, Czecho-Slovakia, Poland, Austria and the Baltic States will require a margin of food imports throughout the next year.

I have been strongly convinced, however, that a continuation of exterior administration for even these latter States after peace and harvest will only undermine their initiative and self-reliance. They should rely upon themselves for purchase, transport and administration of supplies and thus reduce the problem in relation to the Allies to one of finance only.

Some two months ago, I advised each of these Governments that while I considered the first step in the situation was relief and the upbuilding of their own Food Ministries, that the second step in progress seemed to me to call for the creation of an Economic Commission with representatives at the principal centers of the world who could not only administer the purchase and transportation of foodstuffs and raw material, but could also negotiate for credits and mobilize the marketing of exports and exchange, and that the work of these Commissions should also involve the stimulation of private trading to the point of the third step, i. e., normal commerce. Some of them have taken such steps.

HERBERT HOOVER

PARIS, May 31, 1919.

Supreme Economic Council: Twenty-second Meeting Held at the Ministry of Commerce [on 10th June, 1919, at 3:30 p. m.]

The Supreme Economic Council held its Twenty-second Meeting on Tuesday 10th June 1919, at 3:30 p. m. under the Chairmanship of Lord Robert Cecil.

The Associated Governments were represented as follows:—

UNITED KINGDOM	Sir Hubert Llewellyn Smith Mr. Wise Sir Wm. Mitchell Thomson Mr. Barrie
UNITED STATES	Mr. Hoover Mr. McCormick Mr. Norman Davis Mr. Baruch Mr. Gordon
FRANCE	M. Clémentel M. Claveille M. Vilgrain M. Seydoux
ITALY	Signor Crespi Commendatore Attolico Comm. Ferraris Captain Lazzerini
BELGIUM	M. Jaspar M. de Cartier de Marchienne Lieut. Col. Theunis

202.

The Minutes of the Twenty-First Meeting were approved.

203. **Restriction of Trade With Hungary and Bolshevik Russia.**

With reference to Minute 196 it was reported that a memorandum agreed by all the Delegates of the Allied and Associated Governments on the Blockade Section had been prepared and submitted to the Council of Heads of States.¹

204. **Italian Coal Position.**

A letter from the Italian Delegates dated 4th June (182) reporting upon the situation of Italy as regards coal supplies, at present and during the period following on peace, was submitted.

¹ See CF-74, minute 5, vol. vi, p. 530. For text of memorandum dated June 7, 1919, see telegram No. 2659, June 20, 1919, 10 a. m., to the Acting Secretary of State from the Commission to Negotiate Peace, *Foreign Relations*, 1919, Russia, p. 149.

The Italian Delegates drew particular attention to the terms of the reparation clauses of the Peace Treaty as regards coal from Germany which, as agreed by the Council of Three, gives priority to the delivery of coal to replace that from destroyed mines.

This would mean that, if the German output should prove sufficient only to cover the coal required for replacement, Italy would receive none during the period when it would be of the most use to her.

They stated, further, that on behalf of the Italian Government the fullest reserves had been made on this and all other points in the Peace Treaty which had been changed during the absence of the Italian Representatives from the Conference.

It was agreed :—

(a) that it was of the greatest importance that the supply of coal to Italy should be facilitated to the utmost;

(b) to recommend that the French and Italian Governments should confer as soon as possible with a view to coming to some arrangement for safeguarding the Italian interests in the above respect.

205. Reported Violation of Blockade of Hungary.

The Chairman referred to reports received by the British Delegates of the passage of commodities from the Adriatic to Hungarian Bolsheviks in contravention of the Blockade restrictions on Hungary and requested that these reports might be carefully examined.

The Italian Delegates stated that they had no information regarding the matter but they undertook to make enquiries and report to the Council as soon as possible.

206. Transfer of Shares of Austrian Shipping Companies.

A letter from the Allied Maritime Transport Executive dated 31st May (183) was read, reporting that certain Italian interests have acquired shares and holdings in large Austrian and Hungarian Shipping Companies contrary to the resolutions of the Allied Maritime Transport Council.

The Italian Delegates stated that the communiqué regarding the use and management of enemy ships referred to in the above letter had been published in Italy and that they understood that the shares which Italian interests had acquired related to shipyards rather than actual shipping and had been purchased at the risk of the buyers.

They agreed, however to make enquiries and report to the Council as soon as possible.

207. Work and Organisation of the Council.

With reference to Minute 201 the following documents were submitted :—

(a) A memorandum from the Director General of Relief dated 10th June (184) reporting on further steps taken as regards the liquidation

of Inter-Allied Food Control, the continuation of the United States Relief Measures and the measures being taken for child welfare.

(b) Resolutions from the British Delegates (185) regarding the future of the Council.

The Chairman reported that the Sub-Committee appointed by the Council at the last Meeting to consider the future organisation of the Council had met but had not yet been able to prepare an agreed report.

The American Delegates pointed out that the Supreme Economic Council had been created to deal with matters arising during the armistice, and transitory measures, and that most of these problems, such as those dealing with blockade, relief and foodstuffs until the next harvest, had already been solved.

Because of the fact that the present personnel of the American Delegation are purely war officials of the Government and all retire from Office at the signing of Peace, the American Delegates feel that they are not in a position to bind their Government to the suggested continuation of this Council, as outlined in the proposed resolution. They continued that, while the United States not only took a sympathetic interest in the position of Europe, but would bear her share in the various economic measures necessary for the restoration of free and normal commercial life, the present Delegation were not authorised to accept definite proposals because the Government Departments and the Public Agencies that would have to entertain these matters subsequent to Peace would no doubt wish to set up organisations corresponding to their own views on this question and that at this date it was impossible to determine what these Agencies would be or their authority.

They further suggested that the Sub-Committee should reconsider the matter and prepare a report for consideration by the Council at a subsequent Meeting.

The French, Italian and Belgian Delegates supported the view expressed in the resolutions proposed by the British Delegates.

After some further discussion the following resolutions were adopted :-

1. In view of the changing economic world conditions and the importance of re-establishing as soon and as completely as possible the economic life and energy of Europe, the Council directs the Committee on Policy appointed at the last meeting to report within a fortnight what changes in the Constitution, Powers and Objects of the Council are desirable. Until one week after the receipt of that Report the Council should continue as at present.

2. This report should be communicated to the Council of Four for their action.

It was further agreed that each Delegation should also prepare a report setting forth their views as to the constitution, scope and activities of the Council after Peace.

208. Finance of German Coal Supplied to France.

An extract from the Minutes of the 16th Meeting of the Finance Section held on 5th June (186) reporting that a request received from the German Finance Commission to the effect that a Centralised Accounting Bureau might be established at Rotterdam had been refused, was submitted and approved.

With reference to Minute 200 the following verbal report was made by the French Delegates:—

(i) that the price fixed by arbitration for coal and coke purchased by France from Germany namely—35 francs per ton for coal and 45 francs per ton for coal [*coke?*], had been accepted by the French Government.

(ii) that the French Ministry of Finance had agreed that the German food account

(a) should be credited with the total value of all the coal received by France from Germany, whether from the Ruhr or Saar Coalfields, since the date of the Armistice.

(b) should be debited with the value of all food supplies delivered by the French Food Administration at Rotterdam, or supplied to the Left-Bank of the Rhine or the Saar Basin.

(c) should further be debited with the loss incurred by the French Government in operating German vessels.

(iii) that it was estimated that after an adjustment of these accounts up to 31st May the German Government would still owe to France approximately, 1,100,000 francs.

The American Financial Delegate stated that the German Financial Delegates at Versailles were pressing for an adjustment of outstanding accounts and enquired whether the information given by the French Delegates could be introduced at the Meeting with the German Financial Delegates to be held on the 11th June.

It was agreed that unless the French Delegates made a statement to the contrary before 10 p. m. the information given verbally as recorded above should be considered as final.

Enquiry was also made as to whether the French Government had agreed that the profit on any German coal sold by France to Neutral Countries should also be credited to the German food account as this had been an essential factor in the American arbitration as regards price.

The French Delegates undertook that a reply should be given before the meeting with the German Financial Delegates.

209. Finance of Austrian Food Supplies.

(a) With reference to Minute 193 the French Delegates reported that the French Budget Committee had withdrawn their objection to the establishment of a revolving fund, the balance of which is to be kept below one hundred million francs, for the financing of relief supplies to Europe, including Austria.

It was agreed that the 160,000 tons of ex-Austrian tonnage available for transport of supplies from North American ports for Austrian relief should be loaded for French account, within the limits of the finance referred to in the first paragraph of Minute 191.

The Italian Delegates referred to the fact that the value of the food-stuffs supplied by the Italian Government acting as a mandatory for England and France exceeded by \$8,000,000 the value of the loan made to Italy.

It was agreed that the Italian position as regards this matter should be referred to the Committee of the Directors of Relief, in consultation with the Financial Delegates, for detailed consideration and final adjustment.

210. Navigation on the Danube.

A telegram from Admiral Troubridge to the Communications Section dated 28th May (187) was submitted, reporting that the only obstacle to the complete and immediate use of the Danube and its existing transport equipment for the distribution of relief and commerce on the river is the closure of the river by the authorities in control at Budapest.

It was agreed that there was no action which the Council could take regarding this matter, for the present.

211. Allied Economic Policy in Connection With the Rhineland Republic.

Note from the Sub-Committee on Germany for the Council of Heads of States dated 3rd June (188) regarding the economic problems which would arise if an independent Rhineland Republic were set up, was submitted for the information of the Council.

It was noted that no reply had yet been received from the Council of Heads of States.

212. Allied Economic Policy in Russia.

A Memorandum from the British Delegates dated 3rd June (189) and a Note from the American Delegates dated 10th June (190) regarding the economic policy to be adopted as regards Russia in the event of the re-establishment of a stable Government, were submitted.

It was agreed that the Sections of the Supreme Economic Council should be asked to consider to what extent they would be affected in the event of a decision to include Russia in the sphere of operations of the Supreme Economic Council as and when that country becomes

available, and to submit preliminary reports giving an outline of the measures they would propose, including a rough estimate of the cost.

213. German Imports of Raw Materials.

Extracts from the Minutes of the Meeting of the Raw Materials Section held on 7th June (191) recommending that the importation of Raw Materials into Germany should be permitted in so far as they can be financed on credits of not less than one year's term, were submitted.

It was noted:—

(a) that this matter had previously been placed before the Blockade Section in the form of a draft resolution (192) but that it had been decided to defer action upon it.

(b) that the German Government had so far made no effort to avail themselves of the concession granted by the Council whereby they were at liberty to take delivery of such stocks of raw materials as were held for their account in Neutral Countries and which had been bought and paid for prior to 7th May. (See Minute 152 of S. E. C.)

It was agreed that, in view of the information given above, the Council should take no action regarding the proposal put forward by the Raw Materials Section.

Appendix 182

[*Letter From the Italian Delegate to] the Rt. Hon. Lord Robert Cecil,
Chairman, Supreme Economic Council, Paris*

PARIS, 4 June [1919].

DEAR SIR: The war has shown what a grave economic and political peril it is for Italy to be entirely tributary to abroad for her coal supplies.

I feel it therefore incumbent upon me at this stage of our international co-operation, as Italian representative on the Economic Council, to put before you, and through you to the Council, in a comprehensive form, the situation of Italy as regards coal supplies, with respect also to the period following on Peace.

I. The privations and torments to which Italy was exposed throughout the war owing to shortage of coal constitutes one of the noblest forms of national sacrifice, and one of Italy's finest contributions—though a silent one—to Victory.

Italy is a country in which the use of coal is not widely diffused. In order to reduce the consumption thereof she was thus compelled to restrict not so much its non-essential uses, as those of primary necessity. Italy went short of coal for her trenches; her hospitals were

often left entirely unheated. At a time when the closing of the Adriatic required her to redouble her transports by rail, Italy cut these down by nearly one-half. In this manner national consumption—including that of food—was compressed even beyond the limits which the alarming fall in imports imposed. The peoples' sufferings were consequently much severer here than elsewhere, and the cost of living rose in a manner unparalleled in any Allied country. National industries, no less than the people, have all along been living from hand to mouth, in a state of continuous uncertainty and apprehensive of the morrow—often in a state of complete paralysis. The consequences of all this on commerce and exchange are too well known to require any emphasis.

II. Italy's hardships have shown no signs of abatement with the cessation of hostilities. Indeed, whereas national requirements, following on the Armistice, were augmented by the liberation of invaded provinces and the addition of new territories, and Italian imports ought consequently to have been proportionately increased, these have, on the contrary, fallen since that date to an incredibly low figure. The following data may be worthy of consideration:

Minimum agreed monthly requirements during the war*	Tons
600,000	
Minimum agreed monthly requirements during the Armistice period†	800,000
Pre-war monthly importation	900,000
Minimum monthly requirements after Peace‡	1,000,000
Importation per month during 1915	697,000
" " " 1916	675,000
" " " 1917	440,000
" " " 1918	567,000
" " January 1919	426,191
" " February	518,989
" " March	413,432
" " April	448,000
" " May	612,000

Wretched as they are, the above figures are the result of the highest political pressure and of very strenuous efforts on the part of everybody concerned.

The modesty of the results and the prolonged state of distress after the cessation of hostilities, afford us evidence that the situation is not dependent on altogether transitory causes. It must also be remem-

* Allied Maritime Transport Council, 1918. [Footnote in the original.]

† Special Sub-Committee of the Supreme Economic Council on Italian coal, 1919. [Footnote in the original.]

‡ The addition of new territory alone is more than sufficient to justify the increase from the pre-war 900,000 tons per month to 1,000,000. This latter quantity is of course to be considered as a fair minimum for the immediate reconstruction period only. If Italy is to make any serious industrial development, and in view of her new territorial acquisitions, she will certainly in due course require some 1,500,000 tons per month. [Footnote in the original.]

bered that Italy has been, and still is, backed up by agreements in regard to both tonnage and finance. These Conventions will lapse in a few weeks. What fate awaits Italy after that?

Italy cannot be abandoned in such a position. Every other Allied country either provides entirely for its own needs of combustibles from home resources (United States, Great Britain, Belgium), or, as in the case of France, at least does so in considerable measure. While France, moreover, as a consequence of the war, has acquired the coal resources of the Saar Valley, and other countries are acquiring territory rich in natural combustibles (oils), Italy does not come in for any such corresponding acquisitions. Is Italy to be the only one among the Allied Nations left to the hazards of chance?

Furthermore, being compelled, in the most favourable hypothesis, to import the whole of her coal by sea, and from distant sources of supply, under conditions of heavier freights and with exchange rates greatly to her disadvantage, Italy would—I repeat in the most favourable hypothesis—find herself precluded from competitive production and from export trade on any considerable scale.

IV [sic]. The situation is as critical and pressing as it can be for the following reasons:

a) While Governmental financial agreements have practically come to an end, no private arrangements of any kind have, up to the present, been made for coal.

b) A personal investigation which I have recently conducted in London convinces me of two impending facts to be reckoned with:—

1. The output of British mines is going to decrease, thereby further restricting exports to Italy.
2. The price of British coal is bound considerably to rise.

c) Italy is practically precluded from a share in the German coal which would, in the natural course of things, become in the near future, a very important asset to her.

V. This last point is deserving of particular consideration. The reparation clauses as regards coal from Germany had been agreed among the Allies (Italy included) with regard to Italy as follows:—

“The German Government undertakes to accord to the French and Italian Governments the following options for the delivery of coal to France and Italy respectively and to provide the necessary means of transport. . . .^{1a}

For the delivery to Italy, during the ten years specified in the preceding paragraph, of not more than 75 million tons of coal, the amount to be delivered in any of those years being not more than 9 million tons.”

^{1a} Omission indicated in the original.

What a change the text has undergone in the hands of the Council of Three can be seen by reading paragraphs 4 and 10 of the Annex V on Reparations of the Peace Treaty with Germany. The most material alteration is the addition made in paragraph 10 of the following proviso:—

“If the Commission (Reparations) shall determine that the full exercise of the foregoing options would interfere unduly with the industrial requirements of Germany, the Commission is authorised to postpone or to cancel deliveries and in so doing to settle all questions of priority; but the coal to replace coal from destroyed mines shall receive priority over other deliveries.”

This practically means that Italy will receive coal only when plenty for everybody is assured. If, on the contrary, the German output should prove sufficient only to cover coal in replacement of the output of destroyed mines in the period immediately following on peace—that is to say in the most critical period of world production—Italy will receive none. This would be a great injustice, and it is always wise to prevent an injustice while there is still time.

VI. To meet the situation, the following ways suggest themselves:—

a) If the Heads of States are reluctant to alter the terms of the Peace Treaty by striking out the concluding lines of the paragraph above quoted, an interallied agreement might be come to whereby a fair proportion of the German coal would, in any case, be secured to Italy, on the same financial terms, of course, as to the other nations.

b) A system of cooperation on broad and liberal lines might be involved [*evolved?*] for the operation of some of the mines of the Saar Valley, whereby Italian capital and labour would be associated in the commercial exploitation of same, guaranteeing a fair proportion of the output to Italy. Ample guarantees ought to be given with respect to the treatment of Italian labour, which would be consonant with the times, and such as to avoid even the remotest appearance of any exploitation of our labour.

c) The Allied Governments as such ought to give an undertaking for the finance of a minimum supply of coal to Italy up to the end of 1920. Coal is so essential a key import that it cannot be left to hazard. It will certainly pay in the long run to make such an exception. Private enterprise in this field has accomplished almost nothing, and indeed it will be easily seen that its task is fully cut out in taking care of the importation of other raw material.

I am honestly convinced that the Allies do want to help Italy in her recovery. From the knowledge I have of the situation and of the circumstances of the case, I also honestly believe that the above requests represent the minimum requisite to enable Italy to recover.

I am [etc.]

A. HOLIN

Appendix 183

[*Letter From the Allied Maritime Transport Executive Regarding Transfer of Shares of Austrian Shipping Companies*]

MINISTRY OF SHIPPING,
31 MAY, 1919.

SIR: I am directed by the Allied Maritime Transport Executive to request that you will be so good as to bring before the Supreme Economic Council the question of the purchase of shares in Austro-Hungarian Shipping Companies by Italian interests. The matter was dealt with by the Executive at their seventh meeting on May 24th (see Minute 152 which has already been forwarded to you.)

It will be remembered that at the fifth session of the Allied Maritime Transport Council held in Paris in February last a resolution (No. 13) was passed in the following terms:—

“In view of the extreme importance of the principle being maintained that the allocation of enemy tonnage for management and use shall in no way prejudice the ultimate disposition of the vessels in accordance with Resolution 1, the Council recommend that the Associated Governments take the necessary steps to prevent and formally announce that they will hold as null and void any action (such as the transfer of shares in enemy shipping) likely to render the said principles more difficult of application.”

At the fourth meeting of the Shipping Section held in Paris on April 8th, it was agreed to publish a communiqué subject to the approval of the respective Governments dealing with the question of the use and management of enemy ships. The draft communiqué stated that in the discussion of the ultimate disposition of enemy ships no argument would be founded on their allocation for management and service in the meantime, and that the Associated Governments would hold as null and void from the standpoint of the final disposition any action such as the transfer of shares in enemy shipping which is likely to render it more difficult to apply the principle that the interim allocation of enemy tonnage for management and use shall in no way prejudice its ultimate disposition.

In pursuance of this resolution a notice was published, in the terms agreed by the Shipping Section, in the *Times* of April 12th, and it is understood that a similar publication was made in the French press. No information has been supplied to the Executive as to whether a similar notice has been published by the Italian or American Government.

During the course of April, letters were received by the Ministry of Shipping from London business houses enquiring on behalf of Italian clients as to the position of certain ex-Austrian steamers

which it was stated had been the property of Austrian Companies, but were not transferred to Italian concerns. Replies were sent by direction of the Executive that the desired information could not be supplied and attention was called to the declaration which has been published in the *Times* on April 12th, it being added that the Italian Government had been requested to arrange for a similar publication in Italy, if such publication had not already been made.

No information has been supplied by the Italian Delegate to the Executive as to the real position in Italy in this matter, but substantial reports have now been received from British Representatives in Italy to the effect that it is the case that, acting under the protection of the Italian Government, certain Italian interests have now definitely acquired shares and holdings in the large late Austrian Companies, lately held by Austrian and Hungarian Banks, on behalf of the holders, mainly German. The Companies whose shares have been acquired are the Austrian Lloyd Company, the Austro-American (Cosulich) and probably the situation is the same in regard to the Adria Co. and Libera Triestina.

An advertisement of the Cosulich line is enclosed,² which has been received from Rome and which shows that an enemy line of commercial steamers is being openly advertised.

The Executive desire to call the attention of the Supreme Economic Council to this matter for such action as the Council think proper.

I am [etc.]

J. F. HENDERSON
Secretary

Appendix 184³

Memorandum From Director-General of Relief

With respect to my memorandum of the 31st May,* the following further steps have been taken:—

I. INTER-ALLIED FOOD CONTROLS

The British Government has notified the other Governments who are parties to the Wheat Contract of 1916 that it will be terminated on the 31st of August. This necessarily terminates the Inter-Allied joint purchase and shipment of grains.

The only other remaining Inter-Allied food activity engaged in active commercial operations is that relating to sugar, which is founded

² Not printed.

³ Appendix 184 is filed separately under Paris Peace Conf. 180.0501/35.
^{*}See Appendix No. 181. [Footnote in the original.]

entirely upon the joint purchase of the Cuban harvest of 1919.⁴ This contract will have been fulfilled by the end of November, and it seems to me extremely improbable that any of the European Governments concerned would want to join in the purchase of the Cuban crop.

II. RELIEF MEASURES

We are notifying the various Governments that while American intervention in the distribution of overseas foodstuffs in the present form will cease with harvest, we will be glad to receive an estimate from each of the Governments under relief in respect to the assistance which they will need during the coming year from the United States. Further that we consider it desirable that these estimates should be presented in the United States by a Commission fully empowered to handle credit, shipping, and collateral questions. Under this arrangement there will therefore be no break in American interest and helpfulness, and, on the other hand, a definite step will have been attained in advancement from sheer relief to economic measures in co-operation with the countries concerned.

We cannot assume that these States so lack the foundations of initiative and government as not to be able to administer these affairs; if we assume this we must agree that the political rearrangement of Europe is a failure.

All these arrangements are premised upon continuation of relief until harvest and of protective measures (transport, coal, communications, &c.), until such a short period after Peace as will allow resumption of Peace relationships in these matters.

III

In the matter of charity in support of the 3,500,000 sub-normal children now under special relief, I am instituting measures that will afford continuous support to the organisations already established in each country for this purpose and providing for the continuance of expert staff in their assistance in this and food matters generally.

HERBERT HOOVER

JUNE 10, 1919.

Appendix 185^{*}

Resolution From British Delegates Regarding Future Work and Organisation of the Council

1. The period of transition from war to peace conditions will continue even after Peace is signed, and during that period the continuance

⁴ See *Foreign Relations*, 1918, pp. 349-350, 353-354, 357n.

⁵ Appendix 185 is filed separately under Paris Peace Conf. 180.0501/35.

of Allied consultation and co-operation in economic matters is desirable.

2. In view of the changing economic world conditions and the importance of establishing as soon and as completely as possible the economic life and energy of Europe, the Council directs the Committee on Policy appointed at the last meeting to report as to what changes in the constitution, powers, and objects of the Council are desirable. Pending the consideration of that report, the Council should continue as at present, except that its headquarters should be removed to London as soon as possible and not later than the signature of Peace with Germany.

3. These resolutions should be communicated to the Council of Four for their sanction.

ROBERT CECIL

Appendix 186

[*Extract From the Minutes of the 16th Meeting of the Finance Section Held on 5th June, 1919, Regarding] Establishment of a Centralised Accounting Bureau at Rotterdam*

At their 16th Meeting held on 5th June the Finance Section considered the attached letter from the German Finance Commission regarding the formation of a Centralised Accounting Bureau at Rotterdam and agreed [to] the following resolution for submission to the Supreme Economic Council:—

It was resolved further that a copy of the German note should be transmitted to the S. E. C. with the information that this request had been refused on the grounds that each of the Governments supplying food to Germany was concerned with its own buying and selling only and because the Finance Section was of opinion that the object of the German proposal was to make the Allied & Associated Governments as a whole responsible for all credits due to the Food Account, e.g. the credit due by France to the Food Account for the sale of coal from the Saar Valley, estimated by the German Government at 135,000,000 francs. The Finance Section desires to draw the attention of the Supreme Economic Council to the fact that they feel they are put in a position in which they may be accused of bad faith by the German Government owing to the failure of the French Government to credit the Food Account with the proceeds of the sale of Saar Coal, especially as even at the lowest price payable for the coal there is still a large balance in favour of the German Government.

[Enclosure]

*The Chairman of the German Finance Commission to the Chairman
of the Finance Section of the Supreme Economic Council, Paris*

VERSAILLES, 31 May, 1919.

On the basis of the Agreement concluded in Brussels on 14 March 1919, an extensive settlement of accounts is to take place, which concerns, on the one hand, the food deliveries of the Allied and Associated Governments, and on the other hand, the payments, deposits and other transactions on the part of Germany. In order to provide and maintain the necessary clearness and perspective in this settlement of accounts, it seems desirable to the German Finance Commission to centralize the settlement in one place through some agency of the Allied and Associated Governments and of the German Government. Through a direct settlement by these two agencies, all the matters concerning the "food account" would be dealt with according to the books. In view of the Brussels Agreement, the German Government established such an agency in Rotterdam under the direction of Herr Rabbow, and the German Government has the honour to suggest that the Allied and Associated Governments also authorize their representatives in Rotterdam to make a practical execution of the whole settlement of accounts.

In our opinion, the following accounts would come under the jurisdiction of these agencies for the present:

(1) Goods accounts with—

- (a) The Food Administration Grain Corporation.
- (b) His Britannic Majesty's Government.
- (c) The Commission for Relief in Belgium.
- (d) The Agencies of the French Government.

(2) Payments in Germany to the representatives of the Food Administration Grain Corporation.

(3) Payments in Germany by direction of the American Relief Commission.

(4) Payments and deposits of the German Government to the favour of the Allied and Associated Governments.

(5) Creditings of the Allied and Associated Governments to the favour of Germany for incidental goods received, creditings which are to be placed to the favour of the "food account."

(6) Settlement of the balances of the Navigation Treaty concluded in Brussels.

The decision of the Finance Section of the Supreme Economic Council is requested as soon as possible.

MELCHIOR

Appendix 187

[*Telegram From Admiral Troubridge to the Communications Section*]

[Translation ^a]

(No. 665)

COMMANDEMENT DE LA NAVIGATION DU DANUBE.
MAY 28, 1919.

Problems of relief distribution and of traffic on the Danube were discussed at my headquarters to-day, 25th May, at a meeting at which the following were present: Captain Gregory, United States of America; C. K. Butler, Great Britain; Colonel Olivari, France; Captain Trivati, Italy; all four belonging to Inter-Allied Food Commission; also Henry James and myself, representing Inter-Allied Danube River Commission. At this meeting it appeared clearly that the only present obstacle to the complete and immediate use of the Danube and its existing transport equipment for the distribution of relief and for commerce on the river is the closure of the river by the authorities in control at Budapest. The Supreme Economic Council is urged to realise that all other obstacles to navigation from the South to above Vienna would disappear if Budapest could be passed.—Admiral Troubridge.

COMMUNICATIONS SECTION,
Supreme Economic Council, Paris.

For Admiral, President of the Inter-
Allied Danube River Commission.

A. STEAD, C. V. S.

Appendix 188

*Note for the Supreme Economic Council by the Sub-Committee on
Germany [Regarding the] Formation of a Rhineland Republic*

The reported attempts in the Palatinate to set up an independent Rhineland Republic will inevitably raise both political and economic issues of considerable difficulty in the near future.

The Sub-Committee on Germany expresses of course no opinion on the political issues involved, but it is certain that, almost at once, difficulties will arise with regard to the interchange of food and other commodities between the rest of Germany and the revolting territories. Under the existing economic arrangements for the provision of finance for food supplies, Germany is treated as a whole and, consequently, negotiations with regard to food supplies for the Rhineland and the Palatinate are conducted with the representatives of

^a Translation is filed separately under Paris Peace Conf. 180.0501/35.

the German Government at Versailles and Rotterdam. It is expedient, therefore, that the Sub-Committee should receive directions as to the policy which is to be adopted in dealing with the representatives of the German Government in respect of the occupied territories and as to the degree of recognition, if any, which is to be given to the Republican Government if and when it succeeds in establishing itself. It should of course be pointed out that in present circumstances recognition in matters economic would probably suffice to enable the Republican Government to establish itself, if this is thought to be desirable.

The Sub-Committee on Germany, therefore, requests the Council of the Heads of States to give a ruling on the questions of political policy involved, and forwards this note for the information of the Supreme Economic Council.

3 JUNE, 1919.

Appendix 189

[*Memorandum From British Delegates Regarding] Future Work of the Supreme Economic Council [as Regards Russia]*]

It is submitted that the time has come to consider seriously the relation of the Supreme Economic Council to allied policy in Russia. During the last few days an important decision has been arrived at regarding Allied political and military policy in Russia.⁷

Briefly summarised, our political objects are to secure peace, liberty and self-government to the Russian people with the minimum of interference in the internal affairs of Russia. As this cannot be obtained by dealing with the Soviet Government at Moscow, the Allies will continue their military assistance to the anti-Bolshevik forces in Russia with a view to the Government of Admiral Koltchak establishing itself as the Government of All Russia. This assistance is subject to Admiral Koltchak agreeing to the formation of a freely-elected constituent assembly as early as possible and to the settlement of the boundaries of the Russian State and its relations with neighbouring States through the instrumentality of the League of Nations.

The above decision makes it possible for the Allies to consider a comprehensive policy for the re-establishment of normal conditions in Central and Eastern Europe as a whole. To have the greatest chance of success and to economise effort, this policy should combine in the most effective manner military, political, relief and economic action. It is no good if the results of military action in one direction are undone by the failure to take relief or economic action in another direction.

⁷ See appendix I to CF-37, vol. vi, p. 73.

The economic side of the question has been qualitatively dealt with by a note submitted by Lord Robert Cecil dated the 5th of April,⁸ on the general economic position. This Note equally applies to Russia. If we do not succeed in averting complete collapse in Central and Eastern Europe we will suffer immeasurable loss or utter disaster. Millions of people who are only supported by an intensive industrial system will die and it will take many years and millions of money to restore even moderate conditions of prosperity in Europe. It is generally agreed that we should try and straighten out the situation. A great deal has been done by utilising resources which happened to be available in various directions. It is time the extent of the problem, the measures necessary to solve it, the cost and the distribution of effort among the Allies should be squarely faced and funds definitely allotted to correspond with the decisions arrived at. The sooner we organise the more likely are we to stem the flood and the less effort it will cost us.

In order to carry out the combined policy indicated above, it is submitted that, in addition to completing the food relief and assuring the re-establishment of communications and the restoration of industries in Central Europe, we should at once push forward with relief and with economic assistance towards the re-establishment of normal conditions and the resumption of trade with anti-Bolshevik Russia and with the Border States, thereby,

- (a) immensely contributing to their stability:
- (b) provoking a desire for similar conditions in adjoining Bolshevik territory:
- (c) facilitating the reconstruction which will inevitably have to be undertaken of what is now Bolshevik Russia.

Sufficient funds should at once be allotted to the Supreme Economic Council for this purpose. The money could not be spent more effectively and for lack of it precious time is being lost.

It is suggested that the Sections of the Supreme Economic Council should be asked to consider to what extent they would be affected in the event of a decision to include Russia in the sphere of operations of the Supreme Economic Council as and when that country becomes available, and to submit preliminary reports giving an outline of the measures they would propose, including a rough estimate of finance.

3 JUNE, 1919.

⁸ See appendix 51, p. 110.

Appendix 190*

Note From American Delegates on Proposition in British Memorandum on Allied Economic Policy in Russia

The programme in this memorandum implies:—

- (a) "The Allies will continue their military assistance to the anti-Bolshevik forces in Russia."
- (b) That a definite economic offensive be entered upon against Bolshevik Russia.

It appears to the American Delegates that these premises and so extensive a programme require ratification—

- (a) By the Heads of State.
- (b) So far as the United States is concerned, probably by Congress.
- (c) Definite appropriations by the various Governments.

If such premises and procedure are determined upon subsequently, step by step, by each of the Allied and Associated Governments, then it appears to the American Delegates that a special Commission of limited members should be set up to deal with the entire matter.

JUNE 10, 1919.

Appendix 191

Extracts From Minutes of the Meeting of the Raw Materials Section [Regarding] German Imports of Raw Materials

With reference to Minute 206 of the minutes of the Blockade Council of the 28th May, to the effect that action had been deferred upon a draft resolution proposing the importation by Germany of raw materials, which could be financed on credit of not less than one year's term,

It was agreed that the matter should be submitted to the Supreme Economic Council, pointing out the decision of the Blockade Council, and stating the Raw Materials Section were in agreement with the proposal contained in the draft resolution referred to.

It was further agreed that the Supreme Economic Council should be asked to decide what policy should be adopted regarding this matter.

JUNE 8, 1919.

* Appendixes 190 to 192 are filed separately under Paris Peace Conf. 180.0501/35.

Appendix 192

Resolution Submitted by the British Delegation Regarding German Imports of Raw Materials

That this Council recommends to the Supreme Economic Council that, within the rations already fixed, importations of raw material into Germany should now be permitted in so far as they can be financed on credits of not less than one year's term.

In order to give effect to this proposal, it is intended, subject to the approval of the Supreme Economic Council, to request the Sub-Committee on Germany to make arrangements whereby the agents of neutral firms may get into touch with German importers at Cologne, or other convenient place, under suitable Inter-Allied supervision; and that this arrangement should apply equally to the agents of firms in Allied and Associated countries in so far as such transactions may be permitted by their respective Governments.

Supreme Economic Council: Twenty-third Meeting Held at the Ministry of Commerce on 16th June, 1919, at 3 p.m.

The Supreme Economic Council held its Twenty-Third Meeting on Monday, 16th June, 1919 at 3 p. m. under the Chairmanship of Monsieur Clémentel.

The Associated Governments were represented as follows:—

UNITED KINGDOM:	Sir Wm. Mitchell Thomson, Sir Wm. Goode, Mr. Barrie.
UNITED STATES:	Mr. Hoover, Mr. McCormick (part time) Mr. Gordon, Mr. L. L. Summers.
FRANCE:	M. Claveille, M. Seydoux.
ITALY:	Commendatore Attolico, Captain Lazzerini.
BELGIUM:	M. Jaspar, M. de Cartier de Marchienne.

214.

The Minutes of the Twenty-Second Meeting were approved subject to the addition of the following paragraph to Minute 205:—

“They explained, however, that some negotiations had been taking place, with the full knowledge of the Food Section, for the provision of foodstuffs for delivery as soon as the blockade was removed.”

With further reference to Minute 205, the Italian Delegates reported that Baron Sonnino was himself making enquiries regarding the reports of the passage of commodities from the Adriatic to Hungarian Bolsheviks.

215. Italian Coal Situation.

With reference to Minute 204 the Italian Delegates reported a meeting between the French and Italian Representatives when the French had agreed to submit as soon as possible definite proposals regarding the supply of German coal to Italy for a period of six months after Peace.

216. Work and Organisation of the Council.

With reference to Minute 207, it was agreed that the next Meeting of the Committee on Policy appointed by the Council at the Twenty-

first Meeting should be held on Saturday 21st June at 3 p. m. at the Ministry of Commerce.

217. Re-Imposition of the Blockade on Germany.

A Note (193) recording the decisions of the Council of Heads of States regarding the preparation to be made for the re-imposition of the blockade on Germany should the occasion arise, and a draft Minute from the Blockade Section (194) regarding the administration of these blockade measures, were submitted.

The American Delegates stated that they desired, on behalf of their Representative on the Blockade Section who was unable to be present, to make a reservation regarding the Minute of the Blockade Section which, in its present form, the American Delegates were unable to accept.

The British Delegate on the Blockade Section pointed out that, in his view, it would be impossible for the executive conduct of the Blockade, so far as the Northern Neutrals were concerned, to be carried on except by the Allied Blockade Committee in London.

The Council noted the resolution and referred it back to the Blockade Section to give the American Delegates an opportunity of setting forth any alterations in the text which they desired to recommend.

218. Private Trade Relations With Germany.

A Note from the Sub-Committee on Germany (195) suggesting that the competent authorities of each of the Allied and Associated Governments should decide and communicate to the other Governments whether or not they would permit their nationals to resume trade relations with Germany within the limits allowed by the Blockade was submitted and approved.

219. Finance of German Coal.

Owing to the unavoidable absence of certain of the French Delegates, and the impossibility of arranging a special Meeting of the Council during the week, it was agreed that all discussions regarding the financing of German coal supplied to the Allies should be postponed until the next Meeting of the Council.

220. Finance of Austrian Food Supplies.

With reference to Minute 209 certain decisions reached at a joint Meeting of the Finance Section and the Committee of the Food Section held on 14th June (196) regarding the application of the loans already made by the United States Treasury to the United Kingdom, France and Italy for the supply of foodstuffs to German Austria and the contemplated provision of a further loan for the same purpose, were reported and approved.

The French Delegates stated that they had already requested their Government to agree to the increase of the balance of the revolving

fund referred to in Minute 209 from 100 million to 120 million francs and that they anticipated that the matter would be satisfactorily settled in a few days.

221. Export of Gold and Securities From German Austria.

The British and French Delegates on the Blockade Section referred to reported shipments of gold and securities from German Austria to Germany and Hungary and suggested that steps should be taken immediately to control the export of these commodities from Austria and that the Blockade Committee at Vienna should undertake this control.

It was agreed :—

(a) that the French Delegate on the Blockade Section should prepare a cable for despatch to the Blockade Committee at Vienna informing them that the export of gold and securities from, and import to, Austria are prohibited except under licence to be granted by the Blockade Committee;

(b) that the cable should be submitted for approval to the remaining Delegates on the Blockade Section before despatch.

222. Cotton for Poland.

A cable received from the Representative of the American Relief Administration at Hamburg on 12th June (197) reporting that the German Government were unwilling to allow the shipment of cotton to Poland through Dantzig unless they were acceded a portion of the cotton was submitted and deferred for consideration at the next Meeting of the Council, if necessary.

223. Allied Economic Policy in Russia.

With reference to Minute 212 a note from the Food Section dated 14th June (198) was submitted and deferred for detailed consideration pending the receipt of reports from the other Sections.

Appendix 193¹

*Decision of the Council of the Principal Allied and Associated Powers
at a Meeting Held on the 13th June, 1919 [Regarding] Reimposition
of the Blockade²*

The Council of the Principal Allied and Associated Powers have considered the note of the Superior Blockade Council, dated the 11th June, 1919 (attached).

They have decided that the Blockade Council should make every preparation for the reimposition of the blockade, but that its actual

¹ Appendixes 193 to 198 are filed separately under Paris Peace Conf. 180.0501/35.

² See CF-63, minute 3, vol. vi, p. 371.

enforcement should not be undertaken, even in the event of the refusal by the Germans to sign the Treaty of Peace, without a decision from the Council of the Principal Allied and Associated Powers. No actual threat should be made public that the blockade is to be reimposed, but, short of this, steps should be taken to give the public impression that preparations are in hand. If practicable, these steps should include the despatch of destroyers to show themselves in the Baltic.

W. W.
G. C.
D. L. G.
S. S.
N. M.

JUNE 13, 1919.

[Enclosure]

Note To Be Transmitted to the Council of Heads of States

1. The Superior Blockade Council have the honour to recall to the Council of Heads of States that no decision has yet been taken as to the application of further economic pressure upon Germany should she refuse to sign the Peace Terms.

2. The Council venture to point out that while, in accordance with the instructions of the Council of Heads of States, they have endeavoured to bring the various parts of the blockade to the most advanced state of readiness, the whole machine is so complex that it requires some time to set it actually in motion.

3. These preparations have now reached a point beyond which the Council feel that they are not justified in proceeding so long as it remains doubtful whether it is intended, in case of necessity, to make use of the machine or not.

4. The Council therefore submit, as a matter of urgency, that the time has now come when the Council of Heads of States should arrive at a definite decision as to whether it is the intention to make use of a reinforced blockade as a measure of pressure upon Germany in the event of a refusal to sign the Peace Terms.

PARIS, June 11, 1919.

Appendix 194

[*Minute From the Blockade Section Regarding] Administration of Blockade Measures in the Event of the Reimposition of Blockade*

During the course of the discussion recorded in the foregoing minute, the question arose as to what body should be made responsible for the

administration of blockade measures if the blockade were to be reimposed. It appeared evident to the Council that the Allied Blockade Council are in the best position to administer all blockade measures affecting northern neutrals, and the following resolution was accordingly adopted:—

Resolved,

“That, should Germany refuse to sign the terms of Peace, the Council entrusts to the Allied Blockade Council in the case of the northern neutrals the duty of taking from time to time the necessary executive action to give effect to any decisions arrived at by the Council of Heads of States regarding the application of further blockade pressure upon Germany.”

Appendix 195

Note by the Sub-Committee on Germany Regarding Resumption of Trade Relations With Germany

With reference to the general question of the resumption of private trade relations with Germany, the Sub-Committee on Germany makes the following remarks:—

1. It is a question for the competent authorities of each Allied and Associated country to decide whether or not they will permit their nationals to resume trade relations with Germany within the limits allowed by the blockade.
 2. It is desirable that in the event of any Allied or Associated country granting this permission to its nationals the other Allied and Associated countries should be informed.
-

Appendix 196

[Decisions Reached June 14, 1919, at Joint Meeting of Finance Section and the Committee of the Food Section on the] Finance of Austrian Food Supplies

At a joint meeting of the Finance Section and Committee of the Food Section, held on the 14th June, the following decisions were reached:—

1. American Treasury advances of 15,000,000 dollars each to Italy, France and England are solely for dollar purchases and expenditures in provision of food for German Austria.
2. Mr. Davis will recommend an additional advance of 1,000,000 dollars to each of the three Allied Governments, which the Relief Department estimates will be required to complete programme to harvest in addition to supplies from the Banat.
3. The supplementary expenditure, which is non-dollar expenditure, on transport, &c., shall be borne equally by France, Italy, and England.

4. The programme attached shall be loaded by the Wheat Executive, and an adjustment of all accounts between the three Governments shall be made on completion of this programme.

[Enclosure]

GERMAN AUSTRIA: EXPECTED ARRIVALS TO JULY 31, 1919

Steamships	Tonnage	Value f. o. b. New York	Estimated Operating Cost ex-Austrian Steamers	Total
	Tons	Dollars	Dollars	Dollars
Africana	4,689	431,388	70,335	501,723
Szepetnetzi	4,169	463,430	62,535	525,965
Dubac	4,077	453,393	61,155	514,548
Maria Immaculata	4,909	603,260	73,635	676,895
Adriatica	4,939	567,635	74,085	641,720
Cat. Goromorich	6,623	649,268	99,345	748,613
Kossuth Ferenc	6,500	822,250	97,500	919,750
Lapad	3,500	442,750	52,500	495,250
Graf Tisza Istvan	3,600	455,400	54,000	509,400
Atlantica	4,500	569,250	67,500	636,750
Radium	4,500	569,250	67,500	636,750
Dardania	4,700	594,550	70,500	665,050
Irvor	5,600	708,400	84,000	792,400
Emilia	5,000	632,500	75,000	707,500
Graf Hedervrav	6,000	759,000	90,000	849,000
Istiva	5,500	695,750	82,500	778,250
Georgia	8,000	1,012,000	120,000	1,132,000
Ellenia	7,300	923,450	109,500	1,032,950
Boheme	6,500	822,250	97,500	919,750
Marianne	5,400	683,100	81,000	764,000
Clumeehan	5,200	657,800	78,000	735,800
Iskra	6,050	765,325	90,750	856,075
Grand total	117,256	14,281,399	1,758,840	16,040,137

Appendix 197

[*Telegram From the American Relief Administration at Hamburg Regarding Shipments of] Cotton for Poland*

The following telegram from Colonel Coombs, American Relief Administration Representative at Hamburg, was received on the 12th June:—

“German Government not willing to allow shipment of cotton to Poland through Danzig unless they get portion. Their idea is 10 per cent., to cover transportation charges and as payment for privilege of passage through this country. Coombs.”

Appendix 198

Report From the Food Section [Regarding] Allied Economic Policy in Russia

In accordance with instructions received from the Supreme Economic Council, the Food Section at the sixteenth meeting held on

the 11th June considered what measures might be necessary as regards food supplies to Russia in the event of a decision to include Russia in the sphere of operations of the Supreme Economic Council.

It was decided that should commercial relations with the whole of Old Russia be re-established it would be impracticable, because of the limited transportation facilities from the ports inland, to endeavour to execute a programme in excess of 100 thousand tons a month, amounting to an expenditure of approximately 150 million dollars a year.

The Food Section desire to point out, however, that should it be possible materially to improve the railroad facilities in Russia, a much larger quantity of the food supplies in the interior could be made available for the districts nearer the coast, and the need for supplies to be imported by sea would thereby be correspondingly decreased.

JUNE 14, 1919.

Supreme Economic Council: Twenty-fourth Meeting Held at the Ministry of Commerce [on 23d June, 1919, at 10 a. m.]

The Supreme Economic Council held its Twenty-fourth Meeting on Monday, 23rd June, 1919 at 10 a. m. under the Chairmanship of Monsieur Clémentel.

The Associated Governments were represented as follows:—

UNITED KINGDOM.	Sir Wm. Mitchell Thomson. Mr. Wise. Mr. Waley.
UNITED STATES.	Mr. Hoover. Mr. McCormick. Mr. Baruch. Mr. Davis. Mr. Gordon.
FRANCE.	M. Boret. M. Claveille. M. Seydoux.
ITALY.	Signor Crespi. Commendatore Attolico.
BELGIUM.	M. Jaspar. M. de Cartier de Marchienne. Lt. Colonel Theunis.

224.

The Minutes of the Twenty-third Meeting were approved.

225. Recommendations Made to the Council of Heads of States.

A letter from Sir Maurice Hankey dated 17th June (199) embodying decisions reached by the Council of Heads of States regarding:—

(a) The Blockade of Hungary and Bolshevik Russia (See Minutes 195 [196] and 203);

(b) the proposed agreement by Austria as regards trade with Hungary and Germany (See Minute 195);

was submitted.

As regards (b) it was reported that the Council of Heads of States had now accepted the proposals put forward by the Council and had instructed the Drafting Committee to take the action necessary in accordance with their decision.

The above information was noted and it was agreed that the Blockade Section should be notified thereof, and should be authorised to take such action in connection with both the above matters as they considered necessary.

226. Trade Between German Austria and Hungary.

A note from the American Delegates (200) was considered regarding the desirability of permitting such concessions in connection with the present prohibition of trade between German-Austria and Hungary as might be considered essential to the economic life and political stability of German Austria.

The French Delegates stated that no instructions had been sent by the French Government with a view to enforcing a complete prohibition of trade between German-Austria and Hungary.

It was agreed that the Vienna Commission should be informed that they have power to sanction the continuance of the ordinary small frontier traffic in goods between Austria and Hungary, but that any proposals for large exchange of commodities or for transfer of gold or securities should be referred to the Supreme Economic Council for instructions.

227. Seizure of Austrian Gold and Securities.

A Note from the French Delegates dated 21st June (201) covering a telegram from the Austrian Minister for Foreign Affairs to the French Diplomatic Mission at Vienna dated 7th June (202) reporting the seizure by Hungarians from Austro-Hungarian Banks in Budapest of 15 million kronen in gold and 10 million kronen in bank notes was submitted.

The Italian Delegates made the following statement:—

1. In May last, when it was anticipated that a stable Government would be established in Hungary almost immediately, preliminary negotiations took place, with the full knowledge of the Food Section, for the delivery of foodstuffs from Italy to Hungary as soon as economic and political stability were restored.

2. Sums to the value of three million gold crowns and 15 million of paper money were subsequently deposited at Vienna by a Hungarian Syndicate as security solely for the foodstuffs to be supplied to Hungary by an Italian Syndicate.

3. In view of the fact that a stable Government has not yet been established in Hungary and the blockade is not, therefore, removed, no transactions have yet been completed and no shipments of foodstuffs have been made.

4. Since the contracts have not been completed the gold still in the possession of the Italian Representatives at Vienna can be disposed of in accordance with instructions to be agreed upon by the Allied and Associated Governments.

It was agreed:—

(a) that the information given above should be reported to the Finance Section who should be instructed to determine what action should be taken in the matter;

(b) that the German-Austrian Government should be informed of the position as outlined above and of the action taken by the council.

228. Removal of Gold and Securities in German-Austrian Banks.

The British Delegate on the Finance Section reported that a telegram had been received from the British representative in Vienna recommending that the money and securities needed to pay for food supplied by the Allies to Austria should be removed from Vienna in case of eventualities and stating that this could readily be arranged.

It was agreed:—

(a) that a telegram should be sent to the Financial Mission in Vienna in the following sense:—

1. that with the assent of the Austrian Government, arrangements should be made with the Italian Armistice Commission for the removal to Italian territory of gold coin (but not paper money) and foreign securities available for this purpose within the limits of the amount required to pay for food supplied to Austria by the Allies.

2. that if the Austrian Government ask for the removal to Italy of other gold and securities also, to be held at the disposal of the Austrian Government or the Austro-Hungarian Bank at Vienna, the necessary steps should be taken to comply with this request.

(b) that similar instructions should be given to the Italian Armistice Commission.

(c) that of the gold and securities removed to Italy for the payment of foodstuffs, one-third should be held at the disposal of each of the three Governments concerned, viz. France, Italy and the United Kingdom.

(d) that the Blockade Commission in Vienna should be informed of the above decisions.

229. Reported Violation of Blockade of Hungary.

With reference to Minutes 205 and 214 the Italian Delegates stated that in accordance with instructions given by Baron Sonnino a most rigorous enquiry had been made regarding the reported passage of war materials from the Adriatic to Bolshevik Hungary and that the Italian Supreme Military Command and dependent Commands had stated that no shipments had taken place with their authority or knowledge.

It was possible, however, that some war materials might have been introduced through private Austrian interests and further enquiries regarding this were being made. It was hoped, therefore, that it would be possible to make a further report at the next Meeting of the Council.

The American Delegates reported, in this connection, that according to information they had received, a number of trucks containing nitrates had been despatched from Trieste as part of Relief Trains for Vienna and had subsequently been passed through into Hungary.

Further, it appeared that for some weeks past the Italian Railway Officials had refused to allow the American officials of the Relief Mission at Trieste access to the railroad yards with the result that the American officials had been unable to check the contents of relief trains despatched to Vienna.

The Italian Delegates undertook to arrange that a careful military enquiry regarding this report should be conducted immediately.

230. Export of Coal, Petrol and Oil From Poland to Austria.

The British Delegates reported receipt of information to the effect that the Polish Government had refused to export to Austria coal, petrol and oil under the Agreement recently signed and that if this decision were adhered to the lighting in Vienna must be shut down.

The American Delegates reported that the Czecho-Slovak Government expressed their intention of discontinuing the execution of their agreement to send gas coal to Vienna if the Austrian Government refused to supply war materials for which the Czecho-Slovaks were urgently in need.

It was agreed:—

(a) that the Governments of Poland and Czecho-Slovakia should be notified that in the view of the Allied and Associated Governments it is undesirable that any of the Services for the supply of essential commodities to German-Austria from those countries should be suspended during the negotiations in connection with the Austrian Peace Treaty.

(b) that the German-Austrian Government should be requested to do all in their power to ensure that the war materials required by the Czecho-Slovak and Polish Governments should be forthcoming.

231. Control of Traffic on the Danube.

A Note from the Director-General of Relief dated 20th June (203) was submitted, embodying resolutions adopted by the Inter-Allied Danube River Commission at a Meeting on 1st June recommending that all floating craft and equipment other than naval craft and boats and equipment belonging to the European Commission of the Danube should remain under the control of the Inter-Allied Danube River Commission until its final disposition in conformity with the provisions of the Treaties of Peace.

It was agreed that the resolutions should be deferred for further consideration at the next Meeting of the Council if necessary, and that, in the meanwhile, the Communications Section should examine the points raised therein.

232. Locomotives and Cars for Lithuania.

A letter was submitted by the American Delegation dated 16th June (204) regarding the supply through the American Liquidation Board of locomotives and cars for Lithuania.

It was agreed to refer the letter to the Communications Section with instructions to consider in consultation with the Finance Section, what steps should be taken to arrange that sufficient locomotives and cars and other railway material will be available in the Baltic Provinces generally to ensure that the adequate and prompt distribution of food-stuffs for relief purposes will be maintained.

233. Use of Enemy Tonnage.

(a) A Report from the Freight Committee of the Food Section dated 6th June (205) regarding the position and employment of enemy tonnage as on 31st May was submitted for the information of the Council.

The Chairman drew the attention of the Council to Annex V. of the report regarding freight rates on food supplied to Germany in German bottoms.

The Director-General of Relief stated that as regards foodstuffs supplied by the American Relief Administration to Germany the point alluded to in Annex V does not arise. He explained that in the account kept for the supply of German food any saving because of the difference between the Shipping Board rates, upon which prices are based, and the rates charged by the Allied Maritime Transport Executive for deliveries in German bottoms is credited to the Germans and increases to that extent funds available for purchases of food by the Germans.

The French and British Delegates stated that in quoting c. i. f. prices for the sale of foodstuffs to Germany Blue Book rates of freight were always used.

It was agreed that the matter should be referred to the Food Section who should notify the Allied Maritime Transport Executive of the action taken by the Section.

(b) the Italian Delegates referred to the probability of a surplus of enemy tonnage being available for purposes other than relief in the near future and requested that the Supreme Economic Council should recommend to the Allied Maritime Transport Executive that the possibility of using some of these boats for the transport of coal to Italy should be considered.

The French Delegates requested that if such a recommendation were being made the French coal situation should receive consideration at the same time.

The following resolution was adopted, the French Delegates making a reservation on behalf of M. Loucheur:—

“The Council requests the Allied Maritime Transport Executive to consider as a question of urgency the employment of the possible surplus of ex-enemy tonnage above food needs having due regard to the coal situation in Italy”.

234. Communication Operations in Central and South Eastern Europe.

(a) The Director General of Relief submitted for the information of the Council a report from Col. Atwood dated 19th June (206) regarding the work of the Mission appointed by the Supreme Economic Council to organise and supervise the transport arrangements, particularly as regards relief supplies, within the limits of the former Austro-Hungarian Empire.

(b) A Report of the Communications Section dated 19th June (207) was submitted for the information of the Council.

235. Finance of German Coal.

With reference to Minute 219 a Note from the Sub-Committee on Germany (208) regarding the quantities to be delivered and prices to be paid in respect of commodities delivered under the Luxemburg Protocol was considered.

The American Delegates stated that in their view it was unnecessary to submit to arbitration the out-standing questions arising out of the Luxemburg Protocol as the points raised had been adequately covered in previous arbitrations. If, however, the Council decided that arbitration was necessary, the American Delegates would act as arbitrators only on the express agreement that the decision of the arbitrator should be considered as final.

It was agreed that the Chairman and Mr. Wise should discuss the matter with Monsieur Loucheur, and, if an agreement were not reached earlier, the matter should be brought before the Council again at the next Meeting.

236. Allied Economic Policy in Russia.

With reference to Minutes 212 and 223 a memorandum from the Communications Section dated 19th June (209) regarding Allied assistance necessary for re-establishing communications in Russia was submitted and deferred for consideration at the next Meeting.

It was agreed that the Finance and Raw Materials Sections and the Allied Maritime Transport Executive should be requested to present their reports at the next Meeting of the Council.

237. Health Conditions in Europe.

With reference to Minutes 173 and 190 a letter from the League of Red Cross Societies dated 14th June (210) and a memorandum from the Minister of Public Health in Poland dated 13th [15th] June (211) reporting on certain difficulties which had occurred in connection with the negotiations with the League of Red Cross Societies for the prevention of the spread of disease in Western Europe were submitted.

The following resolution submitted by the Director General of Relief was adopted:—

"The view of the Council is that the Polish Government should be supported in its campaign against typhus and the Supreme Economic Council urgently recommends that the various Boards disposing of Army supplies should furnish the Polish Government on credit with the supplies necessary to combat typhus."

238. Allied Economic Co-Operation After Peace.

With reference to Minute 216 the following documents were submitted:—

- (a) Memorandum from the British Delegates dated 20th June (212);
- (b) Memorandum from the French Delegates (213);
- (c) Letter from the Belgian Delegates dated 20th June (214);
- (d) Letter from the Italian Delegates dated 16th June (215).

The American Delegates stated that they were unable at present to put forward any agreed recommendations regarding allied economic co-operation after Peace pending a conference with President Wilson which they anticipated would take place in the course of the day.

The British Delegates urged the necessity for a speedy decision regarding the proposals, if any, to be put before the Council of Heads of States and it was agreed that the Committee on Policy should hold a special Meeting later in the day, if possible.

239. Relief Operations.

A letter from the Director General of Relief dated 22nd June (216) reporting on the progress of relief operations during May was submitted for the information of the Council.

The Chairman on behalf of the Council as a whole expressed warm appreciation of the successful way in which the relief operations had been carried out and particularly expressed to Mr. Hoover the gratitude of all his colleagues on the Council for the invaluable assistance and hearty co-operation which he had at all times afforded them in the work.

Appendix 199

[Letter From Sir Maurice Hankey to Mr. Vance McCormick, Embodying] Decisions of Council of Heads of States [Regarding] Blockade of Hungary and Bolshevik Russia

BRITISH DELEGATION,
PARIS, 17 June, 1919.

SIR: I am directed to inform you that the Council of the Principal Allied and Associated Powers this afternoon considered the note

from the Supreme Economic Council on the subject of the blockade of Hungary and Bolshevik Russia forwarded in your letter of June 7.¹

It was decided that, after the acceptance of the Conditions of Peace by Germany, measures are not still to be taken to prevent commodities from reaching Bolshevik Russia or Hungary. In addition, the recommendation of the Supreme Economic Council was approved that there should be an abstinence from any positive measures or public announcement indicating the resumption of such trade.

It was further decided that the Supreme Economic Council should be asked to examine as to whether, consistently with the above decisions, means could be found for preventing war material from being carried by sea from Germany to Bolshevik Russia.

The Council also considered the second note forwarded in your letter of June 7, proposing an agreement by Austria regarding trade with Hungary and Germany.²

In regard to this, the Council felt that they could take no decision without fuller explanations.

I am [etc.]

M. P. A. HANKEY
Secretary

Appendix 200

Memorandum From American Delegates [Regarding] Trade Between German-Austria and Hungary

The question is presented by recent developments at Vienna as to whether absolutely all trade between Austria and Hungary should be prohibited or whether the Inter-Allied Commission at Vienna should be authorised, in its discretion, to permit such trade across the Austro-Hungarian frontier as may be considered essential to the economic life and political stability of German Austria.

The American Delegation is advised by its representative on the Inter-Allied Commission at Vienna that on instructions from the French Foreign Office the Commission, without the concurrence of the American Delegate, had notified the Austrian Government that all trade between Austria and Hungary was absolutely prohibited, including the export of indigenous as well as imported commodities. In response to this notification a representative of the Austrian Foreign Office appeared before the Commission and stated that if the Com-

¹ See CF-74, minute 5, vol. vi, p. 530. For text of note dated June 7, 1919, see telegram No. 2659, June 20, 1919, 10 a. m., to the Acting Secretary of State from the Commission to Negotiate Peace, *Foreign Relations*, 1919, Russia, p. 149.

² For text of note containing proposed agreement, see appendix IV to CF-74, vol. vi, p. 541.

mission's prohibition was carried into effect it would be most disastrous to Austria. He stated in particular that Vienna was dependent upon certain coal mines in Hungary for operating the electric power and light stations of the city, and that no coal could be got from this source unless Austria exported a small amount of coke to be used in operating the mines. He further stated that Austria must continue certain exports to Hungary in order to obtain agricultural products and provisions.

Appendix 201

Note by the French Delegates [Regarding] Reported Seizure of Austrian Gold and Securities by Hungarians

The Austrian Ministry for Foreign Affairs have informed the French Mission at Vienna^{*} that the Budapest Government have seized from the safes of the Austro-Hungarian Bank of that town 15 million kronen in gold and 10 million kronen in bank-notes.

These sums have been sent to the frontier between Hungary and German Austria, where they were consigned to Italian soldiers and conveyed to Vienna, where they were handed to an Italian Delegate as payment or security for supplies of foodstuffs ordered by the Hungarian Government in Italy.

The attention of the Supreme Economic Council is drawn to this proceeding from the following standpoints:—

- (1) The decrease in the reserves of Austria and Hungary resulting therefrom.
- (2) The permissibility of such operations in connection with the revictualling of Hungary.

21 JUNE, 1919.

Appendix 202

[Telegram From the Austrian Minister for Foreign Affairs to the French Diplomatic Mission at Vienna]

VIENNA, 7 June, 1919.

The Budapest Government have lately seized from the Austro-Hungarian Bank of the said town the sum of 15 million crowns in gold and another 10 million crowns in bank-notes; these sums were sent to Bruck, a frontier station between Hungary and German Aus-

* See appendix 202, *infra*.

tria, where they were consigned to Italian soldiers arriving in automobiles and transported to Vienna to be handed to an Italian Delegate as payment or security for supplies of foodstuffs ordered by the above-mentioned Government in Italy.

The Austro-Hungarian Bank has not failed to announce to the Italian Military Mission at Vienna the illegal nature of the seizure of these monies and to point out her right of ownership to these sums.

Considering the harm that it is causing to the liquidation of the Austro-Hungarian Bank as well as to the financial and economic interests of German Austria, which are intimately connected, the Foreign Office takes the liberty of drawing the attention of the French Diplomatic Mission to this fact, and hopes that the Mission will do all in their power to safeguard the legitimate rights of the Austro-Hungarian Bank.

For the Secretary of the Foreign Office.

FRENCH DIPLOMATIC MISSION,
Vienna.

Appendix 203

Resolution Adopted at the Meeting of the Inter-Allied Danube River Commission on June 1, 1919 [Regarding] Danube River Traffic

A resolution adopted at the meeting of the Inter-Allied Danube River Commission on June 1, 1919, has been forwarded to the Director-General of Relief by the American representative on the Inter-Allied Danube River Commission. The resolution is endorsed and its immediate passage urged by the Director-General of Relief as being a measure of special importance to the economic life of the territories adjacent to the Danube River. The resolution is as follows:—

“The Commission considers it essential to the development of commerce on the Danube, and to the avoidance of vexatious manipulations of traffic by different Danubian communities pending the coming into force of the Peace Treaties, that the Supreme War Council should now pass a resolution substantially as follows:—

1. In the navigable waters of the Danube River System all floating craft, and all equipment needed for their use and navigation, whether captured, requisitioned, or taken under the Armistice agreements, are to remain under the control of the Inter-Allied Danube River Commission (constituted by vote of the Supreme Economic Council, 20th May, 1919) ^{2a} until finally disposed of conformably to the provisions of the Treaties of Peace. It shall be the duty of the Commission to

^{2a} For text of resolution dated May 20, 1919, see *Organization of American Relief in Europe*, Documents Selected and Edited by S. L. Bane and R. H. Lutz (Stanford University Press, California, 1943), p. 505.

cause such craft and equipment to be employed in the furtherance of free commerce on the Danube in whatever manner it shall consider expedient.

2. Commercial or passenger services conducted by the instrumentality of any Danubian State, or by any subsidised or unsubsidised company or individual, are to be operated in accordance with such rules and regulations as the Inter-Allied Danube River Commission may approve or prescribe.

3. This resolution shall not affect the control of naval craft, or the boats or equipment of the European Commission of the Danube, or be construed to abridge that Commission's jurisdiction.

4. The foregoing resolutions are to be communicated to the High Command and to the Governments of all the Associated Powers."

Appendix 204

U. S. Locomotives for Lithuania

The American Delegation submit to the Supreme Economic Council the following letter:—

Paris, June 16, 1919.

1. I recommend that the attached request from the Lithuanian Delegation, for authorisation from the Economic Council to procure locomotives from the American Liquidation Commission, be honoured.

2. The rolling-stock now in Lithuania is in the hands of the Germans, who probably have a good claim to a legal title to it. For this reason it is doubtful whether the Allied and Associated Powers can prevent the Germans from carrying off most of the rolling-stock and locomotives in the country when they evacuate, as they are expected to do shortly. Lithuania would then be left without means of transport for the distribution of food or for the defence of the country against the Bolsheviks.

3. The recent exchange of notes between the Allied and Associated Powers and Admiral Kolchak leaves it understood that Lithuania will be a *de facto* independent country until a Russian Government is recognised by the Allies, when it will be turned over to Russia.* Admiral Kolchak has agreed to respect all contracts, &c., made by border countries like Lithuania with the Allied and Associated Governments.

4. Lithuania is a country with a population of about 3,000,000, and it has ample forests and other national resources to guarantee the payment of its debts.

5. Attached is an extract from the report on Lithuania by Lieutenant-Colonel Dawley, U. S. A., of the American Mission to the Baltic countries, on the immediate needs of the Lithuanian railways. It will be noted that Lieutenant-Colonel Dawley's estimates are higher than the demands of the Lithuanian Delegation. His estimates of the railway mileage at present in order is now too low, as trackage is rapidly being captured from the Bolsheviks by the Lithuanian army.

6. Lieutenant-Colonel Warwick Greene, U. S. A., who has just returned from the Baltic countries and Lithuania as head of the American Mission to these countries, also supports this request.

* See appendix I to CF-37, appendix II to CF-60, and appendix I to CF-62, vol. vi, pp. 73, 321, and 356.

7. The Council of Four voted on June 12 [12] "that the local national forces in the Baltic provinces should be supported with equipment, arms, ammunition, clothing, and supplies generally."⁵

R. H. Lord

[Enclosure 1]

Mémoire of Lithuanian Delegation to the Supreme Council Requesting Permission To Procure Locomotives From the American Liquidation Commission

Translation and Digest

PARIS, June 13, 1919.

The Lithuanian Delegation has asked the American Liquidation Commission for 100 locomotives with a proportional amount of cars. The Liquidation Commission informed us that this material could only be sold upon the advice of the Supreme Economic Council.

Lithuania, with about 5,000 kilom. of railways, has no rolling stock of its own, the Russians or Germans having carried off or destroyed all of it during the war. The Germans have altered the gauge on the Lithuanian railways from Russian to Western European. If the Allies permit the Germans when they evacuate Lithuania to carry off the rolling stock they have brought in for their military uses, the country will be left absolutely devoid of rolling stock.

Railway transportation is now in the hands of the German military authorities, who refuse to let any of it be used for communication or export to Entente countries; and what rolling stock there is in the country is badly worn and insufficient not only for civil purposes but for the defence of the country against the Bolsheviks.

The Lithuanian Delegation therefore requests the Supreme Inter-Allied Economic Council to authorise the American Liquidation Commission to deliver to the Lithuanian Government 100 locomotives with a proportional amount of rolling stock.

A. VOLDEMAR

President of the Lithuanian Delegation at the Peace Conference.

⁵ See CF-63, minute 5, vol. vi, p. 373.

[Enclosure 2]

ANNEXE No. 4-A

From Lt. Col. Dawley's Report on Lithuania, May 15, 1919

Origin: Lithuanian Ministry of Communication

DATA REGARDING THE IMMEDIATE NEEDS OF THE LITHUANIAN RAILWAYS
For the Whole System

	Under Normal Conditions	Minimum	Lt. Col. Dawley's Estimate
Locomotives	500	135	300
Passenger cars	800	150	150
Freight cars	3,000	1,500	1,500

Necessary Supplies (for one month)

1. Anthracite coal
 2. Forge coal
 3. Axle grease for cars
 4. Machine oil
 5. Wool for greasewicks
 6. Wire for greasewicks
 7. Metal for bearings (four kinds), about
 8. Crude iron
 9. Petroleum
 10. Coloured cotton waste
 11. White cotton waste
 12. Box filing ("Buxem Erfülling")
 13. Asbestos
 14. Different kinds of iron, steel, and copper screws for special construction.
- Tools and equipment for 50 repair crews (the average distance covered by a repair crew being 24 kilom.).
- Equipment for 150 railroad stations.
- Equipment for 70 trains.
- Different building materials for special construction.

These lines are at present in order:—

	Kilom.
Virballon-Jewie	148
Kowno-Gaizing	23
Koszodary-Prekulm	274.3
Prekulm-Bajoren	74
Murawjewe Ringen	31
Lansarien-Meiten	187.7
Radziwiliski-Ponowiez	54.3
Raczki-Kamieima-Nora	76.3
Suwalki-Orany	141
Total	1,009.6

Appendix 205

Freight Committee: Enemy Tonnage Sub-Committee, Report No. 2

POSITION ON MAY 31, 1919

6 JUNE, 1919.

1. Appendix I sets out the position and employment of all German tonnage nominated by the Allied Maritime Transport Executive for Food Service.
2. Appendix II gives similar tables regarding Austrian tonnage.

3. The totals are as follows:—

	German Tonnage	Austrian Tonnage
U. S. A.— March shipment . . . . .	.	10,700
April " . . . . .	.	66,000
May "	32,000	58,000
June loading	350,350	112,400
July "	40,450	52,000
August " . . . . .	.	29,700
Canada— April shipment . . . . .	.	5,000
May "	16,000	10,600
June loading	43,750	9,600
July " . . . . .	.	6,500
River Plate— June loading	105,500	14,600
July "	175,725	64,450
August "	9,500	33,150
Australia— April shipment . . . . .	.	8,300
May " . . . . .	.	7,500
July loading	109,550	.
August "	57,750	.
French West Africa— June loading	29,975	15,175
July "	13,800	3,850
French Bay Ports— June loading	21,750	.
July " . . . . .	.	.

4. Owing to shortage of cereals available in the United States and the congestion of the ports both in the United States and Canada, it has been decided to send no further enemy tonnage to North America for June loading. Tonnage becoming available in early June is therefore being despatched primarily to the River Plate, and where vessels are too deep to load there, to Australia. The smaller vessels are being put in to lift American supplies from French Atlantic ports to the Baltic. Later tonnage will be available to make July loading to North America.

5. Austrian tonnage under Italian management is being utilised for (a) provisioning German Austria, and (b) replacing to Italy supplies forwarded to German Austria carried in tonnage on Italian service, and vessels diverted to Roumania.

Appendix III sets out the proposed utilisation of tonnage assuming that 15,000,000 dollars will be available from the French German-Austrian loan and approximately a further 3,000,000 dollars unspent balance of the British German-Austrian loan for the purchase of the necessary ration for German Austria from the United States.

Arrivals in Austrian tonnage would then be as follows:—

(1) To German Austria—

U. S. A.—

May	14,000
June	78,800
July	33,000
Total	125,80

(2) To Italy—		Replacing—
From United States of America—		
April	16,500	(1) Diverted to Roumania from Australia . 22,000
May	40,400	(2) Diverted to Austria from Australia . 19,500
June	34,700	(3) Italian supplies delivered to German
From Australia, June	15,700	Austria. 126,000
" United States of America,		
" July	37,600	
" Canada, July	9,500	
" Plate, July	11,100	
	Total 165,500	Total 167,500
(3) To Roumania—		
From United States of America, May		27,000

There will be left unallocated to arrive from:—

	U. S. A.	Canada	Plate
July	29,200	6,450	4,000
August	34,750	6,450	51,500
September			
Total	63,950		125,900
			55,500

6. French-managed Austrian tonnage is being used to replace to Germany 20,000 tons of German tonnage diverted to the United Kingdom in replacement of an equivalent amount of cereals diverted from the United Kingdom to Poland in May. There remains unallocated 33,000 tons August loading in the Argentine.

7. The only German purchases in the Argentine so far notified are 135,000 tons of wheat and 20,000 tons of linseed. Sellers are the Compañía Mercantil and arrangements have been completed with Messrs. W. H. Muller and Co., The Hague, the agents of the latter, to put the contract on a c. i. f. instead of a f. o. b. basis. Messrs. Muller and Co. have accordingly agreed to sign the charter parties and pay freights in London on German vessels allocated to load the wheat sold to Germany by the Compañía Mercantil. Linseed is not at present allowed to be imported into Germany.

8. Standard Charter Parties have now been agreed for the following voyages:—

	Charterers
1. U. S. A./Germany	United States Food Administration.
2. Canada/Germany	Royal Commission on Wheat Supplies.
3. Plate/Germany	Compañía Mercantil.
4. French West Africa/Germany . .	French Commission.
5. French Atlantic Ports/Baltic . .	United States Food Administration.

The rates are set out in Appendix IV A and IV B. As these have been calculated on the average voyage it has been found necessary

to make provision for demurrage at loading and discharging ports, the rate being fixed on a parity with the freight rates. For the same reason the usual strike clause has been deleted.

9. The rates quoted in Appendix IV A are applicable both to vessels carrying supplies to Germany and to Relief areas, but in our view such rates should be granted only where the whole benefit of the cheap rate goes to the buyers.

We desire to express our concurrence with the resolution (see Appendix V) of the Allied Maritime Transport Executive on this point.

10. A summary of the shipping lists set out in Appendices I, II, and III yields the following results (subject to finance in the case of Germany and Austria being available) :—

ESTIMATED ARRIVALS (TONS)

		Total	Of which arrivals by French-man- aged Austrian steamers
(a) <i>For Germany</i> —			
May	Arrival U. S. A.	28,046	.....
Canada . . . . .			.....
June "	United States of America	133,000	.....
Canada		8,338	.....
July "	United States of America	226,800	6,200
Canada		23,000	.....
Plate		105,500	.....
August "	French West Africa	45,150	15,175
United States of America		40,450	.....
Plate		188,175	12,450
French West Africa		17,650	3,850
(b) <i>For German-Austria</i> —			
April	Canada	4,285	.....
May "	United States of America	9,362	.....
June "	United States of America	31,029	.....
(c) <i>Unallocated</i> —			
July	United States of America	106,200	.....
Canada		9,600	.....
Plate		14,600	.....
August "	United States of America	52,000	.....
Canada		6,500	.....
Plate		52,000	.....
September "	United States of America	29,700	.....
	Plate	33,150	.....

August and September arrivals for North America and September arrivals for Plate can be considerably increased.

F. B. ELLIOT

APPENDIX I.—GERMAN TONNAGE

31 May, 1919.

U[nited] S[tates of] A[merica]

Allocated to United States Food Administration

<i>Arrived—</i>					<i>Metric Tons</i>
Falkenfels	Baltimore	8/5	Rotterdam	25/5	Rye
Santa Cruz	"	10/5	"	27/5	"
Kronenfels	Philadelphia	12/5	Hamburg	30/5	"
Total arrived . . . . .	.....	.....	.....	.....	28,046
<i>On passage—</i>					
Weissenfels	New York	17/5			Flour
Solfels	Philadelphia	29/5			"
Total . . . . .	.....	.....	.....	.....	4,038

To Load

<i>June—</i>	<i>D. W. Tons</i>	<i>June (continued)—</i>	<i>D. W. Tons</i>
Kybels	7,700	Schwarzenfels	12,500
Altenfels	11,350	Kandelfels	9,000
Artemisia	9,025	Schildtum	8,700
Bermuda	10,300	Huberfels	8,500
Gertrud	8,600	Meiningen	10,900
Gallipoli	6,650	Remscheid	11,200
Franziska	8,050	Waldeck	10,900
Hornfels	6,350	Kagera	9,100
Greiffenfels	9,050	Therese Horn	7,400
Gundomar	6,000	Slavonia	6,700
Wolfsburg	10,200	Belgravia	10,350
Augsburg	11,200	Crostaefels	7,600
Waldenburg	9,600	Aschenburg	9,150
Erfurt	10,000	Total (June)	350,350
Isis	12,800		
Rudelsburg	10,200		
Lippe	11,000		
Wolfran	9,900	<i>July—</i>	
Naimes	8,750	Bisgravia	10,650
Ehrenfels	6,800	Mannheim	9,800
Dessau	11,000	Wachtfels	9,050
Gerfried	9,800	Altenburg	10,950
Elbing	7,850	Total (July)	40,450
Hanau	7,125		
Sonnenfels	9,050		

Canada

Allocated to Royal Commission on Wheat Supplies

<i>On passage—</i>				<i>Tons</i>
Burgemeister Schröder	Montreal	12/5	Rotterdam	8,338
*Atta	"	30/5	Newcastle	6,933
[Total] . . . . .	.....	.....	Flour Wheat	746
				16,017

To Load

<i>June—</i>		<i>D. W. Tons</i>
*Tasmania		8,000
Totnes		8,000
*Masuna		6,200
Arabia		7,200
*Kribi		6,550
Clare Hugo Stinnes		7,800
[Total]		43,750

* Allocated to the United Kingdom to replace May loading vessels 6,619 tons diverted to Germany and 19,726 tons to Poland. The latter will be made good to Germany by the allocation of Austrian tonnage from United States of America and the Plate.

Argentine

Allocated to Compañía Mercantil (up to total of 135,000 tons)

To Load

June—	D. W. Tons	July—	D. W. Tons
Itajahy	7,400	Karl Leonhardt	5,100
Louise Horn	6,200	Rherania	6,500
Wotan	6,100	Olympus	5,700
Elbe	6,100	Bischfelde	6,600
Bosporus	6,900	Malaga	4,950
Oehrengegen	5,600	Schwarben	7,300
Derindje	5,600	Ganelon	6,200
Plauen	7,100	Spezia	6,300
Irmgard	6,600	Germanicus	6,500
Erika	4,150	Almeria	7,000
Pionier	4,850	Gudron	6,500
Sofia	5,600	Santa Fé	8,000
Pera	6,600	Weissenfelde	6,100
Alster	6,100	Normania	5,500
Homcap	6,200	Solingen	6,900
Arensburg	6,500	Wartburg	6,400
Secundus	7,900	Lepos	6,050
Total (June)	105,500	Cleus Horn	6,000
		Franz Wilke	6,900
		Warrege	6,000
		Warrundi	6,050
		Hollandia	5,100
		Nordmark	9,050
		Arangonia	7,750
		Renesburg	8,000
		Liberia	5,675
		Santa Cruz	7,600
		Total (July)	175,725
		August—	
		Burgomeister von Melle	9,500

Australia

Proposed To Be Allocated to Commonwealth Government

To Load

July—	D. W. Tons
Gera	10,000
Fürst Bülow	12,400
Heilbrunn	11,200
Treuenfels	11,200
Helouan	11,200
Roda	8,600
Geissen	7,300
Cordoba	6,500
Total (July)	78,400

*Unallocated**To Load*

July—	D. W. Tons	August—	D. W. Tons
Altmark	8,200	Falkenfels	12,500
Java	12,100	Kronenfels	12,325
Raimund	10,850	Weissenfels	12,500
		Burgomeister Schröder	9,500
[Total (July)]	31,150	Itauri	10,925
		Total (August)	57,750

West Africa

Allocated to French Commission

To Load

June—	D. W. Tons	July—	D. W. Tons
Frieda Horn	4,400	Christian Horn	4,300
Borussia	4,400	Genua	4,800
Hamburg	4,050	Procida	4,700
Hornsee	4,400		
Alma	4,325		
Regina	4,400		
Uhlenhorst	4,000		
Total (June)	29,975	Total (July)	13,800

French Bay Ports for Baltic Ports

Allocated to U. S. Food Administration

To Load

June—	D. W. Tons
Antwerpen	4,050
Karpathos	4,800
Schwince	4,300
Roma	4,400
Atta	4,200
[Total (June)]	21,750

APPENDIX II. AUSTRIAN TONNAGE

(A) UNDER FRENCH MANAGEMENT

Northern Range

Allocated to Food Administration

To Load

June—	D. W. Tons
Plitvice	6,200

Argentine

(Unallocated)

July—	D. W. Tons	August—	D. W. Tons
Atlântica	7,200	Kobe	7,200
Graf Serenyl Bela	5,250	Mediterraneo	7,550
[Total]	12,450	Buda	6,350
		Immaculata	5,600
		Vega	6,450
		[Total]	33,150

West Africa

Allocated to French Commission

June—	D. W. Tons	July—	D. W. Tons
Onda	4,750	Eros	3,850
Indeficienter	3,400		
Nagylagos	3,500		
Stephanie	3,525		
[Total]	15,175		

(B) UNDER ITALIAN MANAGEMENT

Northern Range

(1) Allocated to Italy

<i>Arrived.</i>					<i>Tons</i>
Sirena	Philadelphia	8/5	Bari	8/4	Wheat
Fiume	"	25/3	Siracuse	19/4	Cornmeal
President Wilson	New York	5/4	Genoa	22/4	Wheat
Dalmatia	"	31/3	Trapani	28/4	Cornmeal
Total April arrival—					Wheat
Argentina	New York	10/4	Genoa	6/5	9,742
Francesca	"	17/4	"	7/5	Cornmeal
Corsinia	Philadelphia	6/4	Trieste	7/5	Flour
Iris	Baltimore	10/4	"	12/5	Cornmeal
Magyarorczag	Philadelphia	26/4	Cagliari	21/5	Beans
Carolina	New York	7/5	Genoa	30/5	Wheat
Belvedere	"	10/5	"	30/5	Flour
Laguna	Philadelphia	27/4	Venice	26/5	Wheat
Szent Istvan	Baltimore	10/5	Oneglia	28/5	6,433
Total May arrival—					4,696
Total arrived—					1,623
<i>On Passage to arrive June.</i>					4,565
Columbia	New York	24/5	Genoa		Flour
Baltico	Baltimore	20/5			Cornmeal
Bosanka	Philadelphia	25/5			Rye flour
Contessa Adeima	Baltimore	28/5			Wheat
Sofia	New York	22/5			6,964
Graf Tisza Istvan	Philadelphia	30/5			Flour
Total on Passage—					4,952
					4,091
					1,166
					5,125
					1,779
					3,474
					17,630
					2,731

2. Allocated to German Austria

<i>Arrived.</i>					<i>Tons</i>
Perseveranza	Jacksonville	14/4	Trieste	12/5	4,673
Africana	Galveston	18/4	Trieste	30/5	4,689
<i>On Passage.</i>					
June arrival—					
Cat. Gerolomich	New York	15/5	Trieste		4,672
Adriatico	Baltimore	16/5	Trieste		980
					136
					841
					3,201
					89
					543
					1,209

Northern Range—Continued

2. Allocated to German Austria—Continued

<i>On Passage—Continued</i>					
June arrival—Continued					
Maria Immacolata . . .	Philadelphia . . . 19/5	Trieste	Flour.	4,244	
			Bean flour.	348	
			Oat-meal.	207	
			Rye flour.	38	
			Corn-flour.	80	
Kossuth Ferenez . . .	Baltimore 24/5	Trieste	Flour.	4,586	
			Corn-meal.	89	
			Corn-flour.	212	
Szeterenyi	Baltimore 13/5	Trieste	Corn grits.	1,316	
Dubac	New Orleans . . . 26/4	Trieste	Flour.	2,512	
			Corn-flour.	1,862	
			Wheat.	2,588	
Total on passage—			Flour.	514	
			Corn-meal.	311	
			Beans.	703	
			Wheat.	7,210	
			Flour.	16,037	
			Corn-meal.	1,745	
			Ost-meal.	207	
			Corn grits.	1,316	
			Beans.	703	
			Rolled oats.	841	
			Bean flour.	435	
			Com-flour.	2,497	
			Rye flour.	38	

3. Unallocated

To Load

June—	D. W. Tons	July—	D. W. Tons
Erderly	7,000	Leopoldina	6,000
Aug. Foherezegno	6,700	Iskra	6,500
Lapad	3,500	Gerty	6,300
Kossuth	5,500	Proteo	5,900
Dardania	4,700	Szent Istvan	4,000
Atlantico	4,500	Arcadia	4,700
Emilia	5,000	Laconia	8,300
Marianne	5,400	Perseveranza	5,000
Radium	4,500	Laconia	8,300
Izvor	5,600	Francesca	5,300
Arcadia	7,000		
Maria Valera	4,400	[Total]	60,300
Boheme	6,400		
Clinmecki	5,200	August—	
Istina	5,500	Jadera	5,600
Graf Hedervary	6,000	Persia	5,400
Georgia	8,000	Giulia	3,900
Ellenia	7,300	Zora	5,100
Fiume	3,900	Gardenia	4,500
		Java	5,200
[Total]	106,100	[Total]	29,700

Canada

(1) Allocated to Italy

<i>Arrived</i>				<i>Tons</i>
Vindobona	Portland	3/4	Cagliari	28/4
				Wheat .
				4,567
<i>On Passage</i>				
June arrival—				
Mrv	Portland	6/5	Ancona	Wheat .
Trieste	"	17/5		"
				5,619
[Total]				5,025
				10,644

(2) Allocated to German Austria

<i>Arrived</i>				<i>Tons</i>
Hungaria	Portland	7/4	Trieste	30/4
				Wheat .
				4,285

(3) Allocated to Roumania

<i>On Passage</i>				<i>Tons</i>
June arrival—				
Gerania	Portland	23/4	Constance	Wheat .
				5,717
Baron Edmonde Vay	"	24/4		Flour .
				1,233
Absirtea	"	30/4		Wheat .
				3,688
Burma	"	8/5		Flour .
Pssa. Christiania	"	15/6		335
				Wheat .
				4,360
				Flour .
				1,938
[Total]				Wheat .
				6,569
				Flour .
				3,364
				Wheat .
				20,334
				Flour .
				6,870

(4) Unallocated

To Load

June—	<i>D. W. Tons</i>	July—	<i>D. W. Tons</i>
Vindobona	4,600	Olimpo	6,500
Baron Fejervary	5,000		
[Total]	9,600		

Argentine

Unallocated

To Load

June—	<i>D. W. Tons</i>	July—	<i>D. W. Tons</i>
Barona Kemeny	3,200	Snd	5,000
Sirena	3,900	Alga	4,000
Jokai	4,000	Epidauro	6,000
Orjen	3,500	Iris	8,100
		Belaton	2,900
[Total]	14,600	Srgz	4,300
		Corsinia	6,000
		Magyaroreczag	4,700
		Stella	4,000
		Laguna	7,000
		[Total]	52,000

Australia

Allocated to Italy

<i>On Passage</i>				<i>Tons</i>
Filippo Artelli	Walleroo	21/4		8,315
Tirreno	Geelong	7/5		7,464
Total				15,779

APPENDIX III.—EXCHANGES OF TONNAGE BETWEEN ITALY, AUSTRIA, AND ROUMANIA

Italy	Austria	Roumania
<i>April Arrival—</i> North America.	February-Mid-May. 126,000 tons	
Sirena	3,045 W. 918 C. M.	
Fiume	3,596 W.	
President Wilson	1,310 C. M.	
Dalmatia	2,801 W.	
Vindobona	4,567 W.	
	16,537	12,378
<i>May Arrival—</i> North America.		21,942 W. & F.
Argentine	632 P. 551 F. 73 C. M.	
Francesca	1,335 W. 510 F.	
Iris	8,433 W.	
Magyarorczag	4,696 W.	
Corsinius	6,545 W.	
Szent Istvan	3,533 W.	
Carolina	1,623 W.	
Belvedere	4,565 W. 963 F. 106 C. M.	
Laguna	6,770 W. 31 C. M. 38 R. F.	
	40,407	
<i>June Arrival—</i> North America.		
Mrvav	3,614 W.	
Trieste	5,021 W.	
Columbia	2,964 W. 952 F.	
Baltico	4,896 W.	
Bosanka	1,167 W. 2,689 F.	
Sofia	1,777 F.	
Contessa Adelina	5,121 W.	
Graf Tisza Istvan	3,474 W.	
	31,675	
Australia.		
Filippo Artelli	8,316 W.	
Tirreno	7,457 W.	
	15,773	
Total June	47,448	
<i>July Arrival—</i> North America.		
Aug. Foherezegno	6,700	
Marianne	5,400	
Leopoldina	4,850	
Iskra	6,500	
Perseveranza	5,000	
Francesca	5,300	
Fiume	3,900	
	37,600	
Canada.		
Vindobona	4,500	
Baron Fejervary	5,000	
	9,500	
Plate.		
Barona Kemeny	3,200	
Sirena	3,900	
Jokai	4,000	
	11,100	
Grand Total	162,592	167,540
	145,598	21,942

Shipments to Trieste for German Austria (amounting approximately to 62,000 tons) financed by the French Government, and further proposed shipments, assuming finance to total value of 18,000,000 dollars is available.

		Approximate f. o. b. Cost
<i>May Arrival—</i>		
From United States of America.		
Hungaria	4,290 F.	£64,900
Africana	4,689 W.	92,300
Perseveranza	4,673 F.	126,100
	13,652	283,300
From Australia.		
Porsanger	6,360 F.	171,700
War Earl	6,018 F.	162,500
	12,378	334,200
Total May Arrival	26,030	617,500
<i>June Arrival—</i>		
On passage from Australia.		
War Cowslip	7,220 F.	194,900
On passage from United States of America.		
Dubac	2,538 W. 514 F. 311 C.M. 703 Beans.	91,200
Szenterenyi	2,508 F. 884 C. F. 777 C. G.	112,500
Maria Immacolata	4,240 F. 80 C. F. 346 B. F. 207 C. M. 38 R. F.	132,500
Adriatico	3,198 F. 1,751 C. M. 90 B. F.	136,000
Cat. Gerolomich	4,668 W. 979 F. 136 C. M. 840 R. O.	144,700
Kossuth Ferenez	4,581 F. 70 C. M. 211 C. F. 989 C. G.	158,000
[Total May and June arrival]	63,879	1,587,300 (7,500,000 dollars.)
<i>June arrival—</i>		
Loading—		
Emilia	5,000 Flour and groceries	135,000
Bohème	6,500 " " "	175,500
Dardania	4,700 " " "	126,900
Radium	4,500 " " "	121,500
Georgia	8,000 " " "	216,000
Lapad	3,500 " " "	94,500
Atlantico	4,500 " " "	121,500
Kossuth	5,500 " " "	148,500
Izvor	5,600 " " "	151,200
Total	47,800	
<i>July arrival—</i>		
North America—		
Graf Hedervary	6,000 Flour and groceries	162,000
Istina	5,500 " " "	148,500
Ellenia	7,300 " " "	197,100
Cluniecki	5,200 " " "	140,400
Erdely	7,000 " " "	189,000
Plate—		
Orjen	2,500	67,500
[Total]	33,500	
<i>Total arrival—</i>		
May, June, and July	145,179	£3,782,400 (18,000,000 dollars.)

AUSTRIAN STEAMERS

(Additional to Proposed Arrivals in Italy and Austria Detailed in Foregoing Passages)

Northern Range

August arrivals—

Szent Istvan	4,000
Gerty	6,300
Protec	5,900
Arcadia	4,700
Laconia	8,300

Total

29,200

September arrivals—

Jadera	5,600
Persia	5,400
Giulia	3,900
Maria Valerie	5,100
Zora	5,100
Gardenia	4,450
Java	5,200

Total

34,750

Canada

August arrival—

Olimpo	6,450
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South America

July arrival—

Alga	4,000
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August arrivals—

Sud	3,600
Balaton	2,900
Srgz	4,300
Corsinia	6,000
Epidauro	6,000
Iris	8,100
Stella	4,050
Laguna	7,000
Magyarorczag	4,700
Leopoldina	4,850

Total

55,500

Grand total

125,900

APPENDIX IV (A).—FREIGHT RATES ON THE BASIS OF BLUE BOOK RATES OF HIRE

United States and Canada

Per Ton of 1,015 kilogs. weight or 40 cubic feet measurement at Shipowners' option.	Per quarter of 480 lb. of Heavy Grain or 320 lb. of Oats.	Flour per Ton of 1,015 kilogs.	Port of Discharge.
Per Ton of 1,015 kilogs. weight or 40 cubic feet measurement at Shipowners' option.	Per quarter of 480 lb. of Heavy Grain or 320 lb. of Oats.	Flour per Ton of 1,015 kilogs.	Port of Discharge.
s. d.	s. d.	s. d.	
52 6	11 6	60 0	Antwerp or Rotterdam.
58 0	12 6	65 6	Hamburg, Bremenhaven, or Emden.
63 6	13 6	71 0	Stettin.
68 0	14 3	73 6	Danzig.
71 0	15 3	78 6	Finnish ports, Kronstadt or Reval.

Gulf, 2s. per quarter over above rates.

River Plate

Per ton of 1,015 kilogs.	Port of Discharge.
s. d.	
80 6	Antwerp or Rotterdam.
86 6	Hamburg, Bremenhaven, or Emden.
92 0	Stettin.
95 0	Danzig.

The above rate includes Bahia Blanca, but whole cargoes loaded at Buenos Ayres and Montevideo 2s. 6d. per ton less.

Australia

Per Ton of 1,015 kilogs.	Port of Discharge.
s. d.	
135 0	Antwerp or Rotterdam.
141 0	Hamburg, Bremenhaven, or Emden.
147 0	Stettin.
151 0	Danzig.

West Africa

Per ton of 1,015 kilogs. Pine Ker- nels and Ground Nuts (shelled).	Port of Discharge.
s. d.	
76 0	Antwerp or Rotterdam.
83 6	Hamburg, Bremenhaven, or Emden.
90 0	Stettin.
94 0	Danzig.

APPENDIX IV (B).—BLUE BOOK RATES OF FREIGHT FIXED BY A. M. T. E. FOR SHIPMENTS OF RELIEF CARGOES FROM WEST FRENCH PORTS TO THE BALTIC

Bordeaux or Saint-Nazaire to—	Per Ton weight or measurement. s. d.
Danzig	40 0
Memel	
Libau	
Reval	
Helsingfors	
Cronstadt	45 0
Viborg	

APPENDIX V.—FREIGHT RATES ON FOOD TO GERMANY

With reference to the discussion which took place at the meeting of the Finance Committee Section of the Council on the 15th May and Minute 65, "it was ascertained that the whole of the food sales to Germany by the representatives of the Associated Powers were made on the basis of c. i. f., and that, as far as the representatives were able to say, the question of hire of the steamers was not considered in any way

by them when quoting prices of food," the A. M. T. C. wish to point out that in framing the freight rates for the transport of foodstuffs to Germany they had assumed, in view of Section C 6 of the note of discussion of details at Brussels,* held on the 17th January, that the element to be included in the c. i. f. price by the seller of the goods would be based on the rates which they supplied.

The rates supplied are based on Blue Book gross rates of hire, and the Committee desire to call attention to the fact that if any c. i. f. price has been based on any other current freights, a large profit will accrue to the country selling the goods, arising solely from the freight charged, and in such a case it does not seem to them right that such a profit should be kept by the country selling the goods, but that it should either go to the country managing the ships or be set aside for an Allied fund, the proceeds of which should be disposed of as may be agreed later.

Appendix 206

[*Report by Colonel Atwood, Submitted by the Director General of Relief, Regarding Communications in Central and South Eastern Europe*]

The Director General of Relief submits to the Supreme Economic Council the following report from Colonel Atwood:

June 19, 1919.

Mr. Herbert Hoover,
51 Avenue Montaigne, Paris.

Dear Mr. Hoover: In response to your request for a report from me as representing yourself as Director-General of Relief under the authority for Railway control conferred upon you by the Supreme War Council on the 7th March, acting through the Communications Sections, I beg to submit the following:—

The preliminary reports made by both American and Allied investigators for the Director-General of Relief indicated that the transportation capacity of the railroads would limit the amount of relief which could be given to the liberated countries. It appeared from these reports that, while the road-bed and bridges were generally in operating conditions, except in old Serbia where the destruction was complete, the motive power and rolling stock were in bad condition, and the operating forces were generally disorganised. The more serious difficulties were due to the political situation, on account of the breaking up of the former Austro-Hungarian Empire, and the existing national and racial animosities. Practically all boundary lines of the new States were closed to traffic.

*Presumably "Treves," not "Brussels."—(Note by Secretariat.) [Footnote in the original.]

As a result of the conditions shown by these reports the Communications Section of the Supreme Economic Council was formed, and on your recommendation the Supreme War Council, on the 7th March, authorised the organisation of a special mission with broad powers to control the movement of relief traffic within the limits of the former Austro-Hungarian Empire. This Mission is an Inter-Allied organisation, under the executive presidency of an American, and reports to you through the Communications Section. The Communications Section designated me as the member through whom these reports and instructions were to be received and issued.

At the meeting of the Communications Section of the 8th March, Lieutenant-Colonel William B. Ryan, T. C., United States of America, was designated as president of the Mission, and instructions covering the operations of the Mission were adopted. Shortly after this it was necessary to relieve Colonel Ryan, and Lieutenant-Colonel William B. Causey, Engineers, United States of America, was designated to replace him. Each of the other Powers represented on the Communications Section at that time appointed one or more liaison officers.

The general duty of this Mission is to secure and furnish such transportation as is requested by the Mission of the Director-General of Relief in this territory, and also to aid in the re-establishment of normal economic and transportation conditions within the territories which formerly made up the Austrian Empire.

The first work initiated was the opening of through freight service for supplies moving from Trieste to German Austria and Czechoslovakia. When this Mission commenced its operations, about the 23rd March there were about 41,000 tons of supplies in storage in Trieste, 12,000 tons at Fiume, and the average daily movement was about 700 tons out of Trieste and nothing out of Fiume. From the 23rd March to the 15th June, inclusive, there has been moved from Trieste a total of 178,200 tons, or a daily average, including holidays, of 2,121 tons. On several days during this period the daily movement has exceeded 4,000 tons. Of these supplies 125,100 tons have been delivered to German Austria and 52,100 tons to Czechoslovakia. Since the 30th April, when the change in the route for supplying Czechoslovakia became effective, it has only been necessary to ship 8,000 tons to that country from Trieste.

A study of the transportation situation showed that supplies for Czechoslovakia could be handled with greater economy and expedition through the German ports and waterways than by rail over the Alps from Trieste. As soon as necessary transportation and political arrangements could be made, supplies for Czechoslovakia were delivered by ocean carriers at Hamburg and transported by the Elbe to Czechoslovakia.

The first barges were loaded in Hamburg on the 1st April, and arrived at Schandau, on the frontier between Germany and Czechoslovakia, on the 9th April. From that time until the 13th June about 142,000 tons have been shipped from Hamburg, of which 100,000 tons have arrived in Schandau, the remainder being in transit.

Since the beginning of the work of the Mission, 18,200 tons of supplies have been evacuated from Fiume and delivered at various points in Greater Serbia. Assistance has also been given to the British

Serbian Relief Organisation in the transportation of their supplies to Belgrade and other points.

In addition to its work in connection with through transportation, this Mission has exercised a general supervision of the distribution transportation within the various countries, and had aided in the organisation of transportation in connection with the redistribution of various necessities which were in existence in the different countries.

They have also exercised a general supervision over the distribution of the available coal supply, and have done whatever was possible to increase the production of coal within their territory. On finding that the supply of lubricating and lighting oils for railroad purposes was nearly exhausted, arrangements were made for the shipment of a small amount from the United States, and the Mission has convoyed trains and secured considerable supplies of oil from the Ukraine. These trains were considerably obstructed by the military operations and were frequently fired upon, but the officers in charge succeeded in delivering the greater part of the oil to its destination.

Lieutenant-Colonel Causey has also exercised a general supervision over the work of the Communications Section Missions in Serbia and Czecho-Slovakia, these Missions being charged with aiding in the reconstruction and rehabilitation of the railroads and their equipment.

The Serbian Mission, under Major McKennett, Engineers, has been of material assistance to the Serbs in the matter of technical advice, selection of proper construction plant, and the securing of this plant and plant equipment and necessary supplies from the American army stocks, credit having been granted to Serbia to the amount of about 11,000,000 dollars for this purpose.

The operating Mission, under the presidency of Lieutenant-Colonel Causey consists of Majors Burke, Wilson, Berry, and McKennett together with fifteen other officers and fifteen enlisted men of the American army. Lieutenant-Colonel Brown, of the British army, has been an extremely valuable member of the Mission, as were also liaison officers furnished by the other Powers.

Yours very truly,

Wm. G. Atwood

Appendix 207

Report of Communications Section of Supreme Economic Council of Date June 19, 1919

1. *Object.*—The work of the Communications Section consists in

- (a) The organisation and co-ordination of the necessary urgent assistance for the maintenance and improvement of the existing port, railway, inland waterway, and telegraphic facilities in Eastern Europe, with a view to the earliest possible return to normal conditions.
- (b) The apportioning of the necessary action between the Allies, with a view to the most effective solution of the above problem.
- (c) The organization of the immediate despatch of the necessary technical missions.
- (d) The expediting of supply of essential materials.

- (e) Arranging through the naval and military authorities of the organisation of additional lines of communication required for economic purposes.
- (f) Reporting on any technical communication question referred to the Communications Section by the Supreme Economic Council.
- (g) Endeavouring to increase the output from coal mines in the assisted countries.

NOTE.—The Communications Section is not responsible for the forwarding, custody, or handling of any consignments.

2. The Communications Section was formed as a result of the report, of date the 22nd February, 1919, of a special Sub-Committee,⁷ appointed by the Supreme Economic Council, which met on the 20th and 22nd February.

In this report, which outlines the proposed functions of the Communications Section, an Inter-Allied credit of £20,000,000 was recommended to enable the minimum assistance necessary to be rendered until essential requirements could be met through the ordinary trade channels, which it would be the object of the Communications Section to encourage.

Although the functions of the Communications Section are economic rather than military, it was agreed that the existing military organisation alone possessed the facilities for prompt and effective action.

3. The Communications Section has held twenty-three meetings to date. It consisted at first of representatives of America, Great Britain, France, and Italy, with a representative of Marshal Foch attached. Since that date a Belgian representative has been nominated, and also a representative of the British Naval Section has been attached. Further, a financial representative from the French Foreign Office has attended for the four last meetings.

The Supreme Economic Council adopted the report of the Special Sub-Committee of the 25th [22nd?] February, 1919, and authorised the Communications Section to proceed as far as possible prior to the allotment of funds. In this connection the British Treasury representatives on the Supreme Economic Council arranged that the Treasury should favourably consider proposals for British missions submitted by the War Office.

4. The relations between any separate mission sent out by the Supreme Economic Council and an existing military mission under the High Command have been defined as follows:—

“When the military mission exists under the High Command its relations with the technical mission of the Supreme Economic Council

⁷ Appendix 11, p. 28.

will be the same as its relations with the civil organisation so concerned, to assist which is the duty of the proposed mission."

The technical missions report to and receive instructions from the Communications Section of the Supreme Economic Council through the channel laid down by the Power responsible for executive action.

5. The principle followed has been for Inter-Allied Missions to be sent to every country assisted, but that in each case one Ally should be charged with the necessary local executive action.

6. The following Inter-Allied Technical Transportation Missions at present in existence are as follows:—

(i) *Adriatic Mission*.—The first Inter-Allied Mission to be authorised was the Mission to control the through railway service from the South for the relief of the States of the old Austro-Hungarian Empire. The responsibility for executive action of this work was allotted to the Americans, and the Head of the Mission is Lieutenant-Colonel Causey, U. S. A., with headquarters at Vienna, the instructions to whom were adopted in the 11th March. The powers of this Mission were defined by a special decision of the Supreme War Council.

The attached charts show the tonnage of relief despatched from Trieste and Fiume since the Mission started working on the 7th March until the week ending the 23rd May. The decrease in tonnage during the last month is due to the opening of the Elbe for relief to Czechoslovakia, which has obviated the necessity for the long railway haul from the South.

The British representative with this Mission, stationed at Trieste, is also in charge of the transshipment of British supplies from the Serbian Relief Fund destined for Jugo-Slavia.

(ii) *Austria-Hungary*.—An Inter-Allied Mission has lately been formed here. The executive action of this Mission has been allotted to the Italians, and the Head of the Mission is Colonel Alberti, of the Italian Army, with headquarters at Vienna. In connection with the Communications Section this Mission is at present studying, in concert with the Italian authorities, the technical measures necessary for reopening a commercial train service from the Italian ports to Austria.

(iii) *Don and Caucasus*.—A British railway expert has been attached since March to the British Military Mission with General Denikin, and detailed lists of urgent railway requirements for the railways from these districts are available. The situation in the Don and Caucasus needs immediate action. The railways have only 20 per cent. of their pre-war capacity; they have only stores for another two and a-half months. The lines now under General Denikin's control serve areas which are rich in products. In addition to material and tools for locomotive repair, there are certain more general requirements, including clothing and boots for railway employees. The issue of 20,000 suits of prisoners of war uniforms from British military stocks has been arranged towards meeting this. The cost of the railway material of immediate urgency is roughly estimated at £500,000., and the equipment, clothing, and medical stores for the railway staff and certain mechanical transport for railway deliveries are estimated to cost a further £800,000. No further action can be taken without

credits, and an immediate grant from British Relief Funds has been insistently asked for since the beginning of April. £1,000,000. should be allotted at once.

(iv) *Jugo-Slavia*.—The executive action on transportation questions in this country has been undertaken by America, which is represented by Major McKennett, with headquarters at Belgrade. Detailed lists for immediate urgent requirements as well as prospective total requirements are available for the railways of Jugo-Slavia.

About 78 per cent of the 1,080 kilometres of standard gauge track have up to the present been restored to operation. It is hoped that the bridge over the Save and the joining of the line from Salonika through Nish to Belgrade will both be completed at about the same time, viz., the beginning of August. No heavy repairs can be done to locomotives and rolling-stock until the shops at Nish are reopened. The necessary plant for doing this is being despatched from American army stocks in France.

(v) *Poland and Baltic Provinces*.—These territories are combined under the executive control of Brigadier-General Hammond, of the British Army. A full report has been received, with lists of material of primary urgency, consisting chiefly of material and tools for repairs to locomotives, of which about 50 per cent. are under or awaiting repair. In spite of great difficulties, the Poles are showing a disposition to organise their railways. A British allotment of £500,000, out of the funds available for relief has been granted for the supply of material, and orders have been placed for considerable quantities, and the first shipments should leave very shortly. The despatch of 100 "Armistice" locomotives and 2,000 "Armistice" wagons from France has been authorised, and has now commenced. The transfer of these wagons should be completed by about the end of this month, and the locomotives by about half-way through July.

Besides the work on the railways of Poland, the Inter-Allied Mission has been asked to undertake in assisting in the reorganisation of the waterways of Poland, and to this end a technical expert is being despatched to join the Mission.

(vi) *Roumania*.—Up to date no Inter-Allied Mission has been formed. There is, however, a British Railway Mission under Lieutenant-Colonel Billinton. A credit of £500,000, for the furnishing of urgent railway material for Roumania has been allocated, and some of this material has already been supplied. In order to tide over the time while this material arrives and while the existing locomotives are being repaired (of which only 275 out of a total of 1,181 were in working order on the 1st March), it has been found necessary to despatch 100 locomotives from France. Of these, 14 locomotives have arrived in Roumania, having been despatched cold through Italy, and the despatch of other locomotives has now commenced at the rate of two per day in steam through Switzerland. The Roumanian railway authorities have also ordered considerable quantities of railway repair material from a private firm in Austria, and several train loads have already been despatched.

(vii) *Czecho-Slovakia*.—There is an Inter-Allied Mission established at Prague with Major Wilson, of the American army, as Chief of the Mission. The greatest need of this country at present in transportation requirements is coal cars, of which 3,000 are urgently re-

quired; 200 heavy type freight engines are also urgently needed, chiefly for hauling coal from the Silesian mines. Further 100 "Armistice" locomotives are shortly to be despatched from France. The Czecho-Slovaks are at present negotiating with the Americans for another 100 locomotives and 3,000 wagons. Major Goodyear, of the American army, is working in the Silesian mines district with a view to increasing the production of coal.

(viii) *Trans-Caucasia*.—The railways in the Trans-Caucasus and Armenia are at present being controlled by a British Technical Mission under General Brough. He is endeavouring to organise an efficient service between the Black Sea and the Caspian Sea, in spite of differences between the various local Governments concerned and the corruption and inefficiency of the local managements.

The Food Section of the Supreme Economic Council are trying to increase the imports of relief into Armenia from 5,000 to 15,000 tons per month. An American transportation officer had been sent out to work in liaison between the American Food Administration and General Brough, but until further rolling stock is available, and until the mutual distrust of the local Governments can be broken down, great difficulty will be experienced in effecting a substantial improvement.

7. River Navigation.

(i) *Elbe*.—In order to relieve the congestion on the railways caused by the relief traffic from Trieste to the States of the old Austro-Hungarian Empire, it was decided to open the Elbe at the beginning of April for shipments of relief to Czechoslovakia. The attached chart shows the despatches of relief from Hamburg destined for Czechoslovakia from the time of the inception of the route up to the week ending the 24th May. Further, during May the Elbe was again reopened for ordinary commercial traffic to Czechoslovakia.

(ii) *Danube*.—The question of facilitating the transportation of relief and commercial consignments on the Danube was raised on the 23rd April by Colonel Logan, of the U. S. Army, and as a result the Supreme Economic Council have authorised the formation of an Inter-Allied Commission, working under the orders of the High Command. Briefly the functions of this Commission are (*a*) to facilitate the circulation of relief and commercial barges, (*b*) to collaborate with the Communications Missions established in the riparian States in taking any necessary action to assure the upkeep of the boats and the supply of fuel and lubricants, (*c*) to improve as quickly as possible the means of communication and liaison between the commandants of the three sectors into which the river is at present split up for executive working purposes.

This Commission is at present in the course of formation. It will be under the presidency of Admiral Troubridge, R. N.

The importation of 3,000 tons of coal per month was authorised for the Danube navigation. A request has since been received that this should be increased to 10,000 tons per month, and the question of the supply of this quantity is now being taken up. There are already in existence several regular services for heavy freight and passengers running in to a kilometrage of 10,000 per week, but no traffic can proceed through to Vienna until the political situation at Budapest becomes clearer.

(iii) *Rhine*.—In order to further the economic interest of the countries concerned in the navigation on the Rhine, it is proposed to confirm the arrangement that the existing "Commission interalliée de Navigation de campagne" should temporarily continue to control these economic transports, and that requests and suggestions of an economic nature which the Supreme Economic Council may make should be communicated to the High Command for transmission to the Commission interalliée de Navigation de campagne by Marshal Foch's representative on the Communications Section.

8 (a). In order to help the Communications Section to make a comprehensive up-to-date review of the transportation situation in Eastern Europe, the Chiefs of all Railway Missions have been requested to furnish weekly a uniform statement giving for railways—

- (i) Repair situation for locomotives, wagons, and passenger vehicles.
- (ii) Kilometrage of track in operation.
- (iii) Average number of trains per day of various classes, and
- (iv) Train kilometrage of various classes.
- (v) Any other factors which are likely to assist the Communications Section in arriving at a proper estimate of the transportation and coal situation.

(b) Statistics have also been requested from the authorities controlling the river navigation on the Rhine, Danube and Elbe, to give the following points:—

- (i) Indication of development of tonnage moved or of cargo capacity of vessels moving on the river.
- (ii) Indication of the percentage of the river fleet laid up awaiting or under repair.
- (iii) Limiting factors against increase of traffic.
- (iv) Directions in which the demands for transportation have not been complied with.
- (v) (Applying only to Danube and Elbe.) Action required or being taken to remove these limitations.

9. The Communications Section has instructed its Missions to foster as far as possible the interchange of commercial traffic between the various countries of Eastern Europe by using its officers where necessary as liaison between the railway administrations and between the Governments of the various countries concerned. By this means it is hoped to break down the reluctance at present shown by several of the countries in allowing their rolling-stock to cross their frontiers, and to re-establish as soon as possible the normal conditions of international transport.

10. In connection with paragraph 9, the Communications Section is also organising the opening up of further through train services from France for the transport of goods to the various countries, and to this end, besides the above-mentioned service from Italian ports to Austria,

it is under consideration to run regular through commercial trains from France to Jugo-Slavia and Roumania.

11. Arrangements have been made for the re-establishment of postal communication with Poland, Czecho-Slovakia, Austria, Jugo-Slavia and Roumania.

12. In order to assist the Relief Administrations, the American member of the Communications Section has arranged for the installation or connecting up of existing telephonic and telegraphic circuits between the principal towns of Europe, giving also direct communication with Paris.

13. The Communications Section arranged for the insertion in railways and waterway clauses of the Preliminary Peace Terms of an Article securing the Powers requisite for the functions of the Supreme Economic Council after the signature of Peace.

Article.

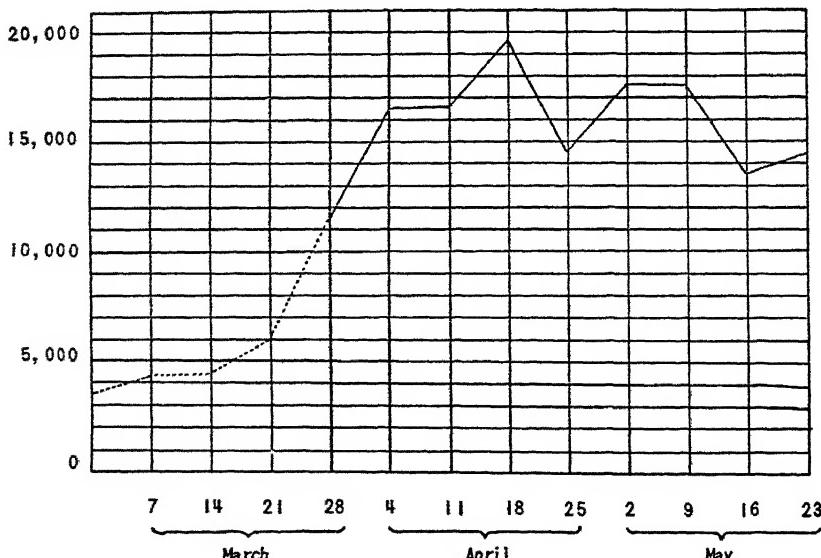
"The enemy States will carry out the instructions which may be given them as regards transportation by an authority designated by the Allied and Associated Powers.

(1) (concerns military movements).

(2) As a temporary measure for the transport of relief traffic to various localities, and as regards the re-establishment as quickly as possible of the normal conditions of traffic and the organisation of postal and telegraphic services."

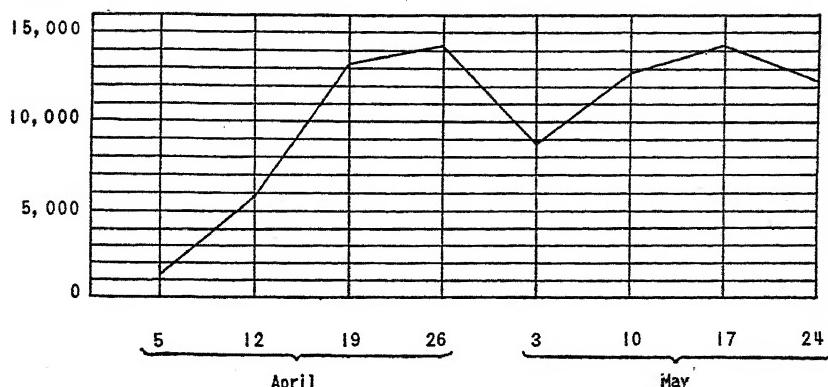
[Enclosure *]

GRAPH SHOWING WEEKLY DESPATCHES OF RELIEF BY TRIESTE
Tons

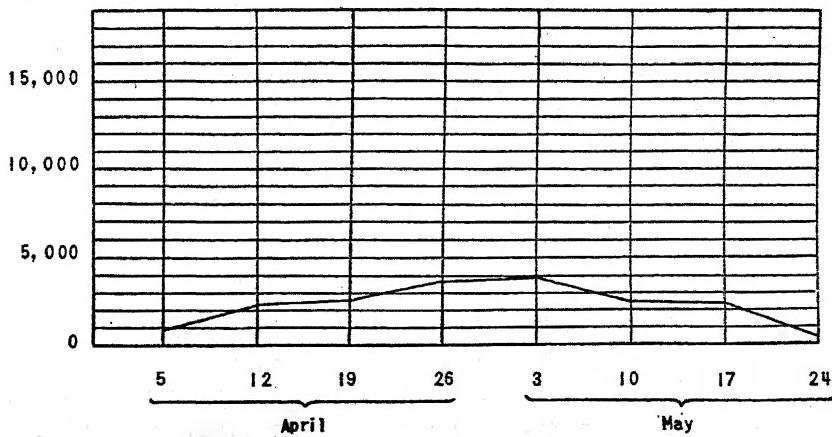


* The graphs are filed separately under Paris Peace Conf. 180.0501/35.

Tons GRAPH SHOWING WEEKLY DESPATCHES OF RELIEF BY THE ELBE



Tons GRAPH SHOWING WEEKLY DESPATCHES OF RELIEF BY FIUME



Appendix 208

Note for the Supreme Economic Council by the Sub-Committee on Germany [Respecting] Finance of German Coal

1. The Sub-Committee on Germany reports to the Supreme Economic Council that the Inter-Allied Sub-Committee appointed under the *modus vivendi* of the 7th May, 1919, to determine the question of quantities to be delivered and prices to be paid in respect of commodities delivered under the Luxemburg Protocol, held its fourth meeting with the German Economic Delegates on the 11th June 1919.
2. As regards the question of quantities to be delivered, an agreement was reached with the German Delegates on the lines of the attached annex.

3. As regards the prices to be paid, in view of the fact that a complete agreement could not be reached, the following propositions were submitted to the German Delegates and accepted by them:—

a) That the price of Ruhr coal and coal from the German portion of the Saar Basin should be fixed at 35 fr. per ton on waggon frontier.

b) That the price of German coke delivered between the 11th November, 1918, and the 31st May, 1919, should be fixed at 45 fr. per ton waggon frontier.

c) That the Sub-Committee should propose to the French Government that the question of the price of coke deliveries subsequent to the 31st May, 1919, should be submitted to arbitration in conjunction with the price for all minette ore delivered since the *modus vivendi* of the 7th May, 1919.

4. In accordance with this agreement, the Secretariat of the Sub-Committee on Germany has requested M. Loucheur to agree to the arbitration referred to in paragraph 3 (c) above.

5. The Sub-Committee on Germany asks the Supreme Economic Council to approve by a resolution the decisions of the Coal Sub-Committee, in particular its recommendation that the outstanding questions arising under the Luxemburg Protocol should be submitted to the same arbitration by which the previous questions have been satisfactorily adjusted.

ANNEX

Agreement for the Application of the Modus Vivendi of 7th May, 1919

I

As regards the application of paragraph 3 of the *modus vivendi* of the 7th May, 1919, it is stated:—

1. That the total of 6,500 tons coke is to be understood of deliveries from the mines in unoccupied territory of Lorraine, the Saar and Luxemburg, and is to be per day.

2. That deliveries of coke by water shall be included in the sum total of the deliveries of coke in exchange for minette.

II

The unoccupied territories will furnish per day to Alsace-Lorraine and the occupied territories a total of 12,500 tons of coal.

III

The occupied territories will send to the unoccupied territories:—

(a) 80,000 tons of raw lignite per month.

(b) 50,000 tons of lignite briquettes per month.

If the deliveries of coal provided for in paragraph 2 above fall below 375,000 tons per month, the total of 50,000 tons of lignite bri-

quettes can be reduced in the ratio of 7 tons of briquettes for every 5 tons of coal in deficit.

(c) 1,000 tons of Saar coal per day. This quantity of 1,000 tons will be increased by 400 tons for each 1,000 tons of coke received over and above the total of 6,500 tons.

IV

The balance of deliveries effected on one side and the other will be made for each of the quantities listed above at the latest on the 15th of each month for the previous month, and the party whose deliveries show a deficit must make up the deficit in the deliveries of the following month.

Appendix 209

Memorandum [From the Communications Section] on Railway Transportation Situation in Bolshevik Russia

1. Very little definite information is available about the present transportation situation in Bolshevik Russia. All reports received, however, are unanimous in stating that railway transportation has practically ceased owing to several causes, the chief being shortage of locomotives and wagons due

(a) To the low productive output of the workmen and the abolition of piecework in Russia.

(b) To the shortage of raw materials, coal, and spare parts for rolling stock.

2. The length of line in operation at the beginning of 1917 was 64,000 versts. In October 1918 this had dropped to 22,000 versts. Out of an original 20,000 locomotives there were only 4,500 in working condition at the end of 1918, and it is probable that a further 1,500 of these have since become unfit for use. The repair of locomotives decreased from 569 in 1916 to 396 in 1917 and 80 in 1918. It was reported that the Soviet Government hoped to get the workmen to repair 700 or 800 during 1919, but it is not probable that a greater quantity of locomotives than were repaired in 1918 can be dealt with. This situation has led the Bolshevik Government to draw the conclusion that it would be necessary to resume the system of piecework; but as this is the very thing for which they have always blamed the bourgeois party, it is very improbable that they will have any power to carry it into effect.

3. The situation in wagons is very little better than that of the locomotives. No definite figures are available, but the Bolshevik Minister of Communication stated to a reliable Danish Red Cross official at the

beginning of March that 80% of the rolling stock in Russia was unusable, and that the remainder would become so in two months' time.

4. There is not even enough rolling stock to send to the mines in order to fetch the coal necessary to run the railways. The number of locomotives and wagons per verst is still fairly high, however, owing to the closing down of two-thirds of the railways of Russia, but the mileage of the locomotives has proportionately decreased during the last two years. Thus in 1916 the average mileage per diem per locomotive was 60; in 1917, 50; and in 1918 had dropped to 35.

5. The railways which were worked in 1916 at a profit of 140 million roubles, were worked in 1918 at a loss of eight thousand million roubles. The railways are supposed to be administered by the Commissary of Ways and Communications, but in reality railway men and railway unions comprising men of small calibre vested with great authority have practically entire control of all railway administration. Central administration and co-operation between the various districts does not exist, with the consequence that some of the small and useless branch lines have a large percentage of locomotives and wagons on them standing idle, often loaded with supplies of the utmost importance to the economic life of the country. The existence of this rolling stock is often unknown to the higher authorities, and it frequently remains unutilised for considerable periods.

6. Allowing for very considerable exaggeration in the reports from which this memorandum has been made, there is no doubt that the task of restoring railway communication, which must precede the resumption of normal conditions in Russia, is of very great magnitude.

7. The Allied railway organisations functioning in Russia at the present moment are as follows:—

(a) *Siberia:*

Railways controlled by an Inter-Allied Commission with a technical board under the presidency of an American. It is understood Americans have over 150 railway experts; the British have 40 out of an authorised establishment of 70 and the Japanese have also a considerable staff. The operation is assisted from Omsk westwards by the British Section; from Omsk to Vladivostock via the Chinese Eastern Railway by the American Section; and on the Amur and Ussuri lines by the Japanese Section.

(b) *Archangel and Murmansk:*

There are 37 British officers employed on the railways in connection with the Allied Forces operating in North Russia out of an authorised establishment of 63. Further there are a few hundred railway troops.

(c) *Don and Caucasus:*

Authority has been given to increase the British Railway Mission with General Denikin to 36 officers, the present number being 7. This has been done at the urgent request of General Denikin to reinforce his railway administration for military purposes.

(d) Trans-Caucasus:

There is a British Mission of 18 officers, out of an authorised establishment of 59, under Brigadier-General Brough.

8. Detailed information is available as to the limits of the various railway systems, and of the grouping of such systems in regional administrations prior to the revolution. Information is also available of the maximum capacity of each section of line, based upon the actual traffic during the winter period of 1916-17. Detailed demands, estimated to cost about £4,000,000, have been received of the immediate requirements in the Ukraine, Don and Caucasus areas and thence to Moscow.

9. There are at present in France several representatives of the Russian Government who do not appear to have yet elaborated any plan for the reorganization of the Russian railways. Amongst these representatives, however, are presidents and other high officials of the principal Russian railway companies. It is understood these officials controlled some 40% of the Russian railways before the revolution. They might therefore be of great service to the Russian Government in helping in the problem of restoring the operation of the Russian railways.

The delivery of a considerable quantity of railway material ordered by the Russian Government in America, Great Britain and France before the revolution was suspended. A good deal of the material has since been diverted to other purposes. Most of the locomotives and rolling stock which had been built on British credits is in course of delivery to Siberia. It is understood however that a good deal of this material still exists, and this should be made available again for Russia on the old credits.

10. This information and the experience that we have gained in Central Europe on the one hand, and the maximum number of personnel likely to be available, and rate of supply of material on the other hand, afford sufficient indication for a preliminary guess at the extent of the problem and the measures to be recommended for dealing with it.

11. The re-establishment of normal conditions on Russian railways will necessitate milliards of francs, and can only be effected through commercial channels. All that can and need be done by direct Allied assistance is to help in the reorganisation and re-establishment as early as possible of the local railway administrations, and to supply at the earliest possible moment a comparatively limited quantity of tools and materials which will admit of the local resources being turned to the best account; thus, while the supply of new locomotives and wagons must be left to private initiative, the expenditure of a comparatively small sum would render possible the repairs to large numbers of existing locomotives.

12. It is essential to consider the problem as a whole from the commencement, both to prevent the available resources being used up in too concentrated local endeavours, and because the Allies could probably give the most effective assistance in organising from the top downwards, and to do this must cover the whole field. It would be difficult to submit proposals without involving some consideration of the share in the work to be undertaken by each Allied Power.

13. It is therefore proposed to consider first a scheme based on the assumption of the whole of European Russia being suddenly thrown open for reconstruction, and to consider later how the proposals would be modified if the territory comes gradually under the influence of the Supreme Economic Council.

The scheme which commends itself is generally as follows:—

14. A Central Allied Mission with the executive presidency of one nation would be established at the seat of the Central Government, presumably Moscow. Railway access to the centre of Russia from every quarter would be grouped, following possibly the old regional areas, under Allied Missions, which, with an executive president of one of the Powers, would report to the Central Mission. These Missions would each perform similar functions to those undertaken by the existing Communications Missions in Poland and elsewhere, viz., they would examine and report on the railway situation, and on the essential stores required immediately for the maximum utilisation of the existing resources. They would advise and encourage the local administrations to organise themselves, and would smooth over difficulties between adjoining administrations. They must remember that their primary functions are to assist and strengthen, not to supplant, the local administrations. Only in this way can the problem be tackled, even with the greatest quantity of Allied personnel likely to be available. The assisting Allied Governments would have to provide the necessary credits for essential tools and material purchased in their countries for the railways assisted. In addition, assistance in material would be welcomed from every other quarter, and every effort would be made from the start to encourage assistance through commercial channels and by developing local production in the industrial centres.

15. As regards the credit required for the supply of materials, it is thought that under the most favourable circumstances, if the whole of Russia is available for reorganisation, the maximum amount which would be required under the above proposals, would not exceed £8,000,000 (sterling). This would not provide for clothing the whole staff or for the financing the railway administration generally, and excludes Siberia.

16. As regards the distribution of the work, Great Britain, on account of her previous efforts, is best situated to take the initiative. The British are already responsible for the railways following up any advance from the north, east, and south, and it is provisionally agreed that France will be executively responsible for any missions sent to the south-west, where the railway system is the densest in Russia. There remains the west and north-west, which might be allocated to the Americans whose principal relief organisation would not unlikely operate from that direction. If the reorganisation of the Polish railways has made sufficient progress, General Hammond's Mission might assist in the reopening of one railway from Poland. Italy is shortly taking over the control and assistance to the Trans-Caucasus railway, and would later extend her field of action to Russia proper. The Belgian Government wishes to send a mission composed of technical experts with a knowledge of South Russia. A zone would be allocated to them, probably between the English and French zones. The exact division between the spheres of the different Missions would be settled later, and may be varied as circumstances render it desirable.

17. As regards the personnel required, the assistance visualised would, it is estimated, require in European Russia some 500 officers and the same number of assistants. After one year it is hoped that a considerable reduction could take place.

18. In the event of territory only being gradually available for reconstruction, the reorganisation of the railways which are accessible should be undertaken at once to the fullest possible extent, and everything possible done to collect the most capable Russian railway officials and organise them on the available lines in order to be prepared for further developments. Similarly, credit should be granted to place the accessible railways in the best possible conditions, especially as regards locomotives and rolling stock, in order that their organisation may be extended to work a greater mileage as it becomes available. As it takes months to obtain and deliver even the simplest requirements, stocks of essential materials might be held in reserve locally.

19. It will evidently be equally necessary to apply the above measures to the reorganisation of the inland waterways of Russia, as it will probably be quicker to re-establish effective water transport than railway transport. A considerable amount of information is available on this subject. The personnel and credits necessary for the inland water and telegraphic and telephonic communications are included in the above estimates.

20. There is no question but that the reorganisation of communications will be the most important thing of all in the reconstruction of Russia, and will be of the utmost importance, not only for the relief of the inhabitants themselves and the restoration of the normal conditions

of life, but for the increase of productivity, so essential in this world crisis, by the throwing open of the unlimited resources of Russia to the industry of all nations.

JUNE 19, 1919.

Appendix 210

[*Letter From the Director General of the League of Red Cross Societies (Henderson) to Miss Gertrude Dixon, Secretary, Supreme Economic Council]*

GENEVA, June 14, 1919.

DEAR MADAM: In continuation of previous correspondence on the subject of the prevention of disease in Eastern Europe, I wish to bring to your attention certain difficulties which have arisen with regard to the arrangements proposed by the Committee presided over by Mr. Hoover.

1. The suggestion that any equipment or supplies provided through the medium of the Economic Council should be charged to the countries in which they are expended is the main source of trouble.

I have received a cable from the American Red Cross, offering a very large contribution of money and help in the provision of personnel, but a condition is made that the Allied Governments shall put at the disposal of the League the supplies necessary for carrying out the operation. I do not think that I can reply that the arrangement proposed fulfils this condition.

2. Whatever arrangement may be arrived at with the Minister of Health for Poland, now in Paris, the general feeling of the Red Cross Societies is against the commitment of highly trained and expensive personnel to work in Eastern Europe, unless the equipment and supplies which are necessary for their operations are entirely at the disposal of the Red Cross.

3. I would venture to urge also that, although Poland has been selected as the theatre of the first operation, it is not actually for the benefit of Poland that this equipment will be used or these supplies expended. The campaign is one of prevention, and although the main centre of epidemic disease is at present in Poland, the operations of the Red Cross will be directed towards preventing its spread from Poland to other countries. Therefore, it seems to me quite unfair that Poland should bear the burden of expense of the provision of these supplies; just as unfair as it would be to charge Belgium with the cost of the war in Flanders.

4. I fear there may be some misunderstanding in the minds of the Committee as to the actual amount of equipment and supplies which have been asked for. The amount put in by the League of Red Cross

Societies was distinctly divided into two headings; the first referred to the equipment necessary for sanitary sections and field laboratories for the prevention of the spread of disease, the second referred to equipment and supplies which might be required for general hospitals for the treatment of the sick. The first of these is the one in which the Red Cross is primarily interested, and I have calculated that the cost of that is not very great, probably under £120,000. The cost of the second may be much greater, but I have never had any intention of asking for this as a free issue. It may quite properly be charged to those countries who desire to make use of it. In fact, the second demand was made for the purpose of ascertaining how much of the necessary hospital equipment would be available should we be able to organise the local Red Cross Societies to make proper use of it.

On these grounds I venture to make another appeal to have this equipment for the first demand placed absolutely at the disposal of the League of Red Cross Societies. If that is done, I believe that the League will be able to contribute many times the value of these stores as their share of the cost of the whole operation. Nevertheless, owing to the general feeling that the Governments have a certain responsibility in saving the remainder of Europe from the scourges which are already prevalent in the East, the League will be unable to bring their resources into full play unless the Government will take its share in making this small contribution of necessary and available equipment and supplies.

I should like to say that the feeling among the voluntary societies is very strong on this point. They feel that they have been called in to assist, and now find that it is not assistance that is required but the assumption of the whole responsibility, unless they consent to have their freedom of activity limited by dependence on a foreign Government for essential part of their equipment.

Very truly yours,

DAVID HENDERSON

Appendix 211

Memorandum From Dr. Tomasz Janiszewski, Minister of Public Health in Poland, to Mr. Herbert Hoover, in Paris

Having come to Paris on your telegraphic invitation I have held several meetings with representatives of the League of Red Cross Societies according to your desire. The final result of these conferences is such that the League refuses all help except for the assistance in recommending 50 doctors and 100 sanitarians and nurses to be engaged by the Polish Government; but the salaries of this staff, quite apart from high travelling expenses, are so much in excess of the

average pay of our own personnel that we shall be able to engage but a few of the League's candidates.

The representatives of the League have declared their willingness in principle to take part in the action of establishing a sanitary cordon on the eastern frontier of Poland if called upon to do so by an international governmental sanitary commission, the Governments concerned bearing all the expenses of the action and taking all the responsibility for any such action. But no such commission exists at present, and in the meantime people are dying of typhus in Poland, our epidemiologists are falling victims to the disease in protecting the whole of Western Europe from the further spread of the epidemic, while here all the time there are experienced people as well as all means to fight the terrible scourge. The summer period is the only season of the year when the action may be conducted successfully. The carrying into effect of this action on a big scale surpasses the ability of our own Government, and it is fair to ask that the campaign conducted in the interests of the whole West should be materially assisted by the Western Governments.

Being now thrown back entirely on our own for the whole programme of the campaign, we ask only that the Supreme Economic Council sell to us at reduced prices the supplies indispensable for an effective campaign, and specified in the second annex of the attached memorandum on the plan of an anti-typhus campaign in Poland, p. 13,⁹ the reduction of prices representing the actual participation in the cost of the undertaking on the part of the interested Governments.

PARIS, June 15, 1919.

Appendix 212

Memorandum by British Delegation on the Future of the Supreme Economic Council

20/6/19.

1. Constitution of S. E. C.

The Supreme Economic Council was established by resolution of the Council of Four to deal on its behalf with economic questions affecting the interests of the Allies during the Armistice period, and "to examine such economic measures as should be taken during the period of reconstruction after the war, so as to ensure:—

- "a) The due supply of materials and other commodities necessary for the restoration of devastated areas.

⁹ Memorandum and its annexes not attached to file copy of minutes.

- "b) The economic restoration of the countries which have suffered most by the war.
- "c) The supply of neutral and ex-enemy countries without detriment to the supply of the needs of Allied and Associated countries."

When the Treaty of Peace is ratified the work of the Supreme Economic Council will necessarily be modified to a large extent. It is urged, however, that there are sufficiently pressing matters affecting the common interest of the Allies to necessitate the continuance of the Supreme Economic Council. The following are among the tasks for which some degree of international consultation and co-operation would appear to be still necessary.

2. Provision of Foodstuffs and Raw Materials to Germany.

The Treaty of Peace provides that Germany shall be allowed to spend out of the reparation due in the first two years as much money on food and raw materials as the Principal Allied and Associated Governments may judge to be essential to enable her to meet her obligations for reparation. It is expressly stated that this decision is to be made by the Principal Allied and Associated Governments, not by the Reparations Commission. The Treaty clearly contemplates decisions from time to time as to the amounts to be allowed for food and raw materials. No single decision on a total lump sum could be made until the extent of Germany's capacity to meet her obligations is ascertained.

Further, the reply to the German counter-proposals stipulates that such supplies must be imported through State organisations under Allied control. In respect of several commodities the effect on supplies and prices of supplies to Allied countries must be taken into consideration. It may therefore be necessary to decide not only how much Germany can buy, but in what market and at what price. These decisions must be made in concert, and some organisation such as the Supreme Economic Council is essential for this purpose.

3. Position of Allied and Liberated Countries.

If Germany is to be allowed to obtain supplies of essential foodstuffs and raw materials under Allied supervision, it will be almost inevitable that requirements of the European Allies and liberated territories should also be considered in concert so as to ensure that these countries are not in a worse position, as regards the restarting of their industries, than Germany. Provided the financial problem, which is referred to later, can be solved, it is submitted that the special conditions contemplated in the Treaty of Peace will necessitate continued consultation in respect of supplies to most European countries.

4. Financial Problems.

The representatives of all the Allied and Associated Governments agree that before Europe can be restarted there is a financial problem

of the first importance to be solved. This problem has not yet been solved. Whilst in matters of finance executive action must be taken individually by the wealthy States, it cannot be doubted that considerable consultation and interchange of information will be desirable.

Solutions must be found for dealing with the financial needs of new States; for regulating German purchases and exchange; and also in regard to Inter-Allied indebtedness. Some common plan will be necessary to avoid overlapping in lending to disorganised States, to rehabilitate their currencies and probably also to lay down a scheme of priority in respect of the needs of the various countries.

Generally it may be said that none of these questions can be settled expeditiously and properly without a very great deal of further Allied consultation between the financial authorities which could not be effectively carried on by Foreign Office or cables.

[5.] *Continued Relief and Reconstruction.*

Relief work in its present form must in any event continue until about the harvest. The actual executive work which is now being done by the American Food Administration and by the Food and Relief Sections of the British Department cannot terminate abruptly. While it continues it is undesirable and uneconomical for the work to be done independently and without consultation. Apart from the co-ordination of relief measures undertaken by Governments there is the important work of supervising and co-ordinating the activities of charitable institutions. It is clearly desirable, however, that as soon as possible mere relief should give place to more definite co-operation on the part of the receiving countries. It will further be necessary to continue for some time measures of reconstruction and co-operation in regard to communications, transport, and the supply of coal.

6. *Food Control.*

The position with regard to food is causing anxiety in most countries, and while Inter-Allied control in the form in which it existed during the war is unlikely to be resumed, the continuance or reimposition of national controls in the United Kingdom, France, and Italy, combined with the Allied control of German food purchases, will almost necessarily involve some measure of international consultation and co-operation. Even if anything in the nature of pooling or purchasing on joint account is ruled out, it must be recognised that the food situation is a common problem for Great Britain, France, and Italy, and all European countries, and that machinery for consultation and co-operation cannot with safety be allowed to lapse entirely immediately after the signature of Peace.

7. *Supervision of the Rhineland Commission.*

It is provided in the memorandum approved by the Council of Four¹⁰ and attached to the Convention setting up the Rhineland High Commission¹¹ that it should be responsible on economic questions to the Supreme Economic Council so long as that body continues to exist. The working of the Convention is bound to raise a number of important issues which must be dealt with promptly as they arise from time to time if friction is to be avoided. It is therefore important that an authoritative body should be in existence to deal with them rather than that attempt should be made to settle them by telegraphic communication between London, Paris, Brussels and Washington.

8. *Russia.*

Throughout the war there has been special need for Inter-Allied co-ordination in regard to Russian questions, and difficulties have occurred owing to the lack of any Inter-Allied body competent to deal with such matters.

Many difficult problems remain to be faced, e. g., relief, railway reconstruction and currency reorganisation. It would be a great advantage if these questions, which all involve co-ordination between the Allies, could be dealt with through the Supreme Economic Council.

9. *Conclusion.*

There is a general expectation and desire that the economic side of the League of Nations should develop out of the Supreme Economic Council and its affiliated bodies. The exact nature of the functions which the League may be required to undertake on general economic and financial matters is at present undetermined, and special Conventions will no doubt be required to define them. In the meantime, it is desirable from the political point of view that the League of Nations should play a prominent part in stimulating and co-ordinating measures of relief, reconstruction and financial reorganisation in Europe.

The position as set forth above shows that continuance of the Supreme Economic Council or some similar body is necessary to consult concerning current problems and to deal with further tasks arising out of the Treaty of Peace. It is therefore proposed that the Heads of States should be requested to authorise the Supreme Economic Council to continue to function as an international body, and that as soon as convenient it should be brought under the direction of the Council of the League of Nations subject to its constitution, functions

¹⁰ Appendix III to CF-64, vol. vi, p. 393.

¹¹ For draft texts of this agreement, see *ibid.*, pp. 382 and 389; for text as signed June 28, 1919, see *Treaties, Conventions, etc., Between the United States of America and Other Powers, 1910-1923* (Washington, Government Printing Office, 1923), vol. III, p. 3524.

and terms of reference being reconsidered and submitted for approval to the Council of the League.

Appendix 213¹²

Memorandum From the French Delegation on Inter-Allied Co-operation After Peace

The gravity of the economic situation of the world, and Europe in particular, is too universally admitted to make further emphasis necessary.

The French Government called the attention of its Allies and Associates a long time ago to this point.

On the 28th October a meeting, called on the initiative of the French representatives, united in London M. de Fleuriau, Lord Eustace Percy, Mr. Summers, and the permanent Delegates of Inter-Allied organisations.

The conclusions adopted to hold off the dangers of the transition period provide for a method of Allied co-operation which should at least serve as the basis for discussion.

In December the French Government again specified the policy which seemed to it indispensable in the notes addressed to the British Government on the 12th December and to President Wilson on the 23rd December.^{12a}

This policy may be summed up as follows:—

Passage, with the minimum of shock, from the régime of absolute control (in operation at the end of the war) to the régime of complete liberty, which must be installed as soon as circumstances permit.

With this end in view, maintenance of concerted and uniform control on certain essential products: fundamental foodstuffs, textile materials and leathers, certain minerals and metals, and wood, mineral combustibles.

Gradual and uniform loosening of the control.

Application of this system, with view of giving the invaded districts the assurance (necessary for their regeneration) of receiving the material indispensable for human alimentation and for industrial stock on favourable terms, that is, for France, on the same terms as her Allies.

Once these guarantees are assured, the lowering to a minimum all economic barriers and return to complete liberty as rapidly as possible.

Great Britain accepted this policy on the 31st December, 1918, on condition of its acceptance by the United States.

The Supreme Economic Council, on the demand of President Wilson, received a triple mission:—

¹² Appendix 213 is filed separately under Paris Peace Conf. 180.0501/35.

^{12a} See vol. I, page 379.

1. Decision of the Council of the Chiefs of Governments of the 8th February.¹³

(1) Under the present conditions numerous questions, which are not essentially military questions, present themselves each day. They should be handled in the name of the Government of the United States and of the Allies by civilian representatives of these Governments having experience in questions of finance, food supply, maritime transport, and raw materials.

(2) In order to treat these questions during the period of the Armistice, a Supreme Economic Council shall be constituted at Paris. The Council will absorb or take the place of such Inter-Allied organisations and their powers as it shall deem necessary according to circumstances.

(3) The Economic Council shall be composed of representatives of each Government interested, of such a number as each Government shall deem necessary.

2. Decision of the 12th February.¹⁴

(4) After the signature of the Peace Preliminaries, Germany shall be permitted to receive, under control, with a view to resuming her economic activity, such quantities of foodstuffs and raw materials as may seem equitable to give her, reserving priority to the needs of Allied countries, notably those who Germany made to suffer losses.

(5) The question of quantities of foodstuffs and of raw materials to be assigned to Germany after the signature of the Peace Preliminaries will be submitted to the Economic Council for examination and report.

3. Decision of the 21st February.¹⁵

The Council decides to refer measures of a transitory character to the Economic Council created by the Conference on President Wilson's proposal:—

To examine such economic measures as should be taken in common during the period of reconstruction after the war so as to ensure—

- (a) The due supply of materials and other commodities necessary for the restoration of devastated areas.
- (b) The economic restoration of the countries which have suffered most from the war.
- (c) The supply of neutral and ex-enemy countries without detriment to the supply of the needs of Allied and Associated countries.

Having decided to absorb the powers of the existing Inter-Allied organisations, the Supreme Economic Council had, indeed, to busy itself with—

- (a) Relations with the enemy.
- (b) Inter-Allied questions.
- (c) Questions of a general nature.

¹³ See BC-26, minute 5, vol. III, p. 934.

¹⁴ See BC-30, minute 1, vol. III, p. 1001.

¹⁵ See BC-36, minute 4, vol. IV, p. 62.

It has, so to speak, hardly commenced the study of these latter questions.

(a) *Relations with the Enemy.*

Relations with the enemy will be completely modified by the application of the Peace Treaty, but this modification will not actually occur until after the Treaty has been put into operation.

Indeed, from the very fact of the signature, new principles will enter in which will aid in the solution of current problems; but the complete application of the new régime can evidently not be made until after the putting into execution.

But the state of war will not cease until the day when the Peace Treaty presented for Germany's signature shall have been ratified by at least three of the Allied and Associated Powers.

(b) *Inter-Allied Questions.*

Inter-Allied questions keep daily changing in character, Inter-Allied controls disappear successively, but national controls continue. Certain of these latter, like the British control of tonnage, although of a character national in principle, extend throughout the entire world. Thus there results a sensible aggravation of a condition of instability to the detriment of just those States which have suffered the most. The examples which we intend to give in connection with the English controls will show this.

Concerted action by the Allies is certainly necessary in the relations which are being established with the new States or those in course of reconstruction, particularly to ascertain that the pledges given by these States be equitably distributed and utilised, taking into consideration not only the interests of these States but also those of all the Allied States.

The French Government intends to draw up concrete propositions on this subject.

(c) *General Questions.*

After the conclusion of Peace, it will become impossible to examine any important question from an Inter-Allied point of view only; it must be considered from a world standpoint.

The French Government, following the decision of the Council of the Chiefs of Governments of the 21st February, urged that measures necessary during the reconstruction period be examined by the Supreme Economic Council and by the Economic Commission of the Peace Conference.

The Economic Commission, having authority in measures of a permanent nature, has inserted certain dispositions in the Peace Treaty and discarded certain others which it considered to come within the province of the Supreme Economic Council.

This latter, made cognisant of this fact on the 6th March (Minute 32)¹⁶ by the French Delegates sent out a detailed questionnaire to its Sections, edited by the French Delegation.

The Finance and Maritime Transport Sections declared that they could not work intelligently before knowing the conditions of the Peace Treaty; the Food Section made known that world crops should be sufficient to assure the general minimum of food supplies after Peace.

The Raw Materials Section went more deeply into its task: statistical report on world supplies, studies on coal and the needs of the new States. It found itself blocked by uncertainty regarding the stipulations of the Peace Treaty, especially regarding reparation in kind (coal, reconstruction, &c.).

After a first adjournment on the 17th March, the Council decided on the 1st April to suspend all further examination, Mr. Baruch having declared that the Council of Four had decided to treat problem directly.¹⁷

On the 22nd April it was decided to send a note to the Council of Four, then to await the result of the deliberations of the Reparation Commission.

The question, therefore, remains in its entirety; the Supreme Economic Council remains qualified to handle it and the conditions of the Treaty are now known.

As for the English Delegation, on the 5th April it presented a note¹⁸ setting forth the essentials of the problem as being:—

- (1) The re-establishment of a stable monetary system in each country.
- (2) The re-establishment of a transportation system.
- (3) The reconstitution of a floating capital and of sufficient stocks of raw materials.
- (4) The reconstitution of industrial material of all kinds.

Of these different elements, the note in question treated particularly the first—that is, the financial question.

The Council of Heads of States ordered an investigation on this point, following which a first report furnished in June arrived at the conclusion that a more profound concerted examination was absolutely necessary.

It is clear that such investigations are necessary, not only for the finances, but also for the other phases of the problem.

It is equally certain that these investigations could not be conducted other than by constant personal consultations. Even though the solution on the ensemble of such vast problems should exceed the

¹⁶ *Ante*, p. 42.

¹⁷ See minute 89, meeting of April 14, p. 158.

¹⁸ Appendix 51, p. 110.

strength of the Associated Governments, still it is essential that the fragmentary measures, taken by each one with a view to warding off the dangers which threaten it most particularly, should be undertaken with enough co-ordination in the different countries to allow each to draw therefrom the maximum advantages.

It seems, on the other hand, that a whole category of Inter-Allied enterprises will continue to exist which will necessitate the continuation of the organisations charged with their managements, for instance:—

- Operation of enemy vessels.
- Liquidation of wheat purchases.
- Sugar crop in Cuba.
- Liquidation of relief in Europe.
- Assistance (railways) to new States.

It seems natural that these questions should continue to be managed by the competent organisations, under the notice of the Council, whatever it may be, which shall be charged with continuing the investigation of problems handling the reconstruction of Europe.

Rôle of the New Council.

The rôle of this Council may be defined as follows:—

- (a) Continue the liquidation of the Inter-Allied enterprises.
- (b) Advise the Governments as to the policy which should be followed to return to normal conditions.

It is clear that this rôle does not necessitate the same organisation as that necessitated by the present functions of the Supreme Economic Council.

This latter body, indeed, without having any executive powers so to speak, is still able, from the very presence of the responsible chiefs of the Governments in Paris, to present recommendations which are immediately put into operation, from which the necessity of constant contact between the members of the Council, who are moreover obliged to keep themselves posted on the slightest evolutions of a situation which is constantly requiring rapid decisions. Thence the number of members and frequency of the meetings.

The Sections of the Supreme Economic Council have, on the other hand, been constituted taking into consideration the situation existing at the time of its creation. Certain among them are organisations which must be continued to liquidate the Inter-Allied executive action. Others will no longer have any reason for existing, such as the Blockade Section or the Sub-Committee on Germany, whose functions will pass over to the Inter-Allied Commission for Rhine Countries, the the Commission on Reparations, or to the diverse Allied Legations in Germany.

Composition.

To perform its duties under the conditions which will result from the separation from the Conference, the new organisation, composed of a limited number of Delegates (one or two for each Government) meeting for instance each month, shall—

(a) Supervise the executive organisations which shall continue its functions—Wheat Executive, Sugar Executive, Relief Administration, Transport Executive—which, preserving the executive powers which they held from the various Governments, shall address monthly reports to the Council.

(The Communications Section, in its present form, or as an Inter-Allied or international organisation charged with bringing about the establishment of long-distance commercial trains, shall receive powers permitting it to be assimilated to these organisations.)

(b) Be assisted by political advisers and technical experts on matters:—

Of finances;

Of transport (land and sea);

Of supply—food, raw material and machinery;

(c) Have a permanent administrative secretariat to prepare the meetings and follow up its deliberations.

It would be desirable that in most cases the political counsellors and technicians should prepare the solution of the questions in such a manner that the Council itself shall only consider a few specially important points.

Powers of the Council and of the Delegates.

The powers of the Council, insofar as concern the liquidation of Inter-Allied enterprises, shall be those of the organisations in charge of these enterprises.

In that which has to do with other questions, it should be authorised to present its recommendations to the interested Governments on all subjects of an economic nature which it should deem fit to consider.

The Delegates shall receive the most extensive authority from their Governments to this purpose.

The personality of the Delegates is perhaps more important than their powers; they should be chosen among men familiar with conditions in Europe and practice of Inter-Allied relations, fully informed regarding the negotiations and conditions of the various peace treaties. It is equally important that they have a practical personal knowledge of economic, industrial, and financial problems. A close liaison between these Delegates and the Administrations of their respective countries should permit them to present the point of view of their Governments on any question under discussion with a few days' notification.

It is imperative that they be members of the Government or that they possess such influence that they may in some degree automatically obtain the ratification of their recommendations.

Place.

From many points of view the seat of the Council should be in the United States; however, by reason of the difficulties in communication, it seems that Paris, London, or Brussels would perhaps be the most convenient for the majority of the Delegates.

Means of Action.

In certain eventualities and, in particular, in case co-ordinated action must be undertaken in Russia, it will be necessary for the Governments participating to place funds at the disposition of the executive organisations allied directly with the Council or placed under its supervision. Operations of this kind can only be decided for concrete propositions with a definite case in view.

Duration.

The organisation planned would seem bound to disappear as soon as the League of Nations should have reached a degree of organisation sufficient to permit the assumption of the charge of the above-enumerated functions in a satisfactory manner.

JUNE 20, 1919.

Appendix 214¹⁹

Belgian Memorandum

DEAR MR. HOOVER: In reply to your letter of the 12th June, relative to the future organisation and policy of the Supreme Economic Council, I have the honour to present to you the views of the Belgian Delegation in this connection.

We consider in principle that the Supreme Economic Council should be continued after the signing of Peace, as it is evident that the single fact of the signing of the Treaty cannot result in the re-establishment of the world economic situation.

It appears evident to us that the lack of certain raw materials, the scarcity of tonnage, the difficulties of means of transportation, will require the continuance for a certain length of time of a central organisation, whose duty will be to assure a fair distribution of raw materials, to supervise the judicious use of tonnage and means of transportation.

This point being understood, I reply as below to the different questions asked in the above-mentioned letter.

(a) *Character of the Organisation necessary.*—We consider that the Supreme Economic Council can maintain its present character, that is, a central committee and a certain number of sections, whose

¹⁹ The translation is filed separately under Paris Peace Conf. 180.0501/35.

duty is to examine questions to be submitted at full sessions of the Supreme Economic Council.

Under these conditions the purpose of the Supreme Economic Council can be defined as follows:—

1. To assure the proper supply of raw materials and other products necessary to the restoration of the devastated regions (see the text of minutes of the meeting of the Supreme War Council of the 8th February,* at which the creation of the Supreme Economic Council was decided).

2. To assure economic restoration of the countries which have suffered the most from the war (see minutes of Supreme War Council of the 8th February).*

3. To consider the best means to re-establish as soon as possible on a normal basis the economic situation of Europe by returning to a commercial liberty, complete except for such measures as each individual country may take to protect its special interests. In the meanwhile to assure between the different countries as fair a division as possible of the raw materials, of which a rationing is still necessary, as well as of tonnage, taking into account in this division paragraphs 1 and 2 above, and to assure, wherever it may be necessary, a proper use of means of transportation.

(b) *Period during which the Supreme Economic Council should continue in operation.*—We consider that the existence of the Supreme Economic Council can be prolonged until the end of the year 1919.

It may be noted, besides, that nothing is said in the minutes of the Supreme War Council creating the Supreme Economic Council to the effect that the existence of the latter should cease upon the signature of Peace.

(c) *The place where the Supreme Economic Council should be established.*—According to the idea advanced by Lord Robert Cecil and agreed to by M. Clemenceau, the Supreme Economic Council could transfer its operations to London, certain sections, however, remaining in Paris.

The Plenary Sessions, which would be less frequent at present, could be held alternately at London and at Paris.

(d) *Powers conferred upon the representatives of the various Governments.*—The Delegates would have the power to take decisions on all questions under the jurisdiction of the Supreme Economic Council as defined in the quotation given above, in so far as these decisions are not contradictory to the laws and regulations existing in the countries which they represent.

(e) *Power which it is proposed to give the Council for the division of merchandise, the control of navigation, the furnishing of finance, the means of transportation and internal communications, and all*

*The correct date is 21st February (note by Secretariat). [Footnote in the original.]

other functions which may be proposed by one of the Governments represented on the Council.—We consider that the Council should have no executive power, this being particularly reserved to the various Governments. The Council will confine itself to taking decisions, the various countries represented at the Council and the various countries profiting by the existence of the Council agreeing to put into execution the decisions taken, in so far as they are not contradictory to the laws and regulations in force in the aforesaid countries. We consider that, under these conditions, the various sections of the Supreme Economic Council should be as follows:—

Finance Section, sitting at London.
 Raw Material Section, sitting at London.
 Shipping Section, sitting at London.
 Food Section, sitting at London.
 Communications Section, sitting at Paris.

With reference to the Food Section, it appears to us that you alone can say whether it is necessary to have it continue to the end of December 1919 under the form of an Inter-Allied organisation, or whether its existence, differing from the rest of the Supreme Economic Council, should not be limited to the period of the coming harvest. It will be the duty of the Supreme Economic Council to establish relations, whenever it may appear advisable, with representatives of other Powers.

(f) *To consider whether it is necessary to put funds at the disposal of the Council to enable it to give financial assistance, food, and generally to put into execution any proposal dealing with the functions, purposes, policy, or authority of the Council.*—In view of what has been said above, we consider that, as the Council has no executive powers, it is not necessary to put funds at its disposal. As to the other points raised in the last part of paragraph (f), they have already been dealt with in this memorandum.

E. DE CARTIER
*Member of the Belgian Delegation
 of the Supreme Economic Council.*

JUNE 20, 1919.

Appendix 215 ²⁰

*Note by the Italian Delegation Respecting Inter-Allied Co-operation
 After Peace*

JUNE 16, 1919.

DEAR MR. HOOVER: I am in receipt of the letter addressed me by your Secretary Major Boykin Wright, in which you ask for the

²⁰ Appendix 215 is filed separately under Paris Peace Conf. 180.0501/35.

opinion of the Italian Delegation as to the future organisation and policy of the Supreme Economic Council.

I take pleasure in handing you the following answers to the questions asked in that letter:—

- (a.) The character of organisation required: Consultative.
- (b.) The period over which it should continue: Transition, until normal conditions are re-established.
- (c.) The location of its organisation: London.
- (d) The exact authority to be conferred upon the representatives of the different Governments: They should be the responsible and authoritative interpreters of their Governments' views and inclinations.
- (e) The powers which it is suggested that the Commission should have in the determination of distribution of commodities, in the control of shipping and the provision of finance, of inland transportation, of inland communications, or any other functions that it may be proposed by any of the Governments that should be delegated to this body: Consultative powers as to the best method of bringing about the most useful and efficient co-operation in the matter indicated.
- (f) Whether it should have some funds subject entirely to its own direction for financial assistance or relief, and, generally, any views as to its functions, purposes, policies and authority: No; *vide* (e).

Yours sincerely,

CRESPI

Appendix 216

[*Letter From the Director General of Relief (Hoover) to the Supreme Economic Council*

PARIS, 22 June, 1919.

GENTLEMEN: I attach hereto detailed tables showing the progress of relief measures under my direction for the month of May, and the totals from the 1st December to the 30th May.

During the month of May there was distributed about 168 ship-loads of food to the seventeen countries under relief, comprising 738,687 metric tons of supplies, having an approximate value of 162,-875,000 dollars. As usual, the great majority has been supplied upon credits and to some extent upon charity. This compares with 591,843 tons distributed during the previous month of an approximate value of 147,800,000 dollars.

The total supplies distributed under the Relief Administration from the 1st December to the 30th May amount to 2,486,230 tons, comprising 512 shiploads and of a value of approximately 636,175,000 dollars.

The port stocks at the 31st May amount to 166,777 tons, as compared with 201,251 tons on the 30th April.

The railway and coal inland waterway administrations in Central and Eastern Europe carried on under this administration continue to show satisfactory progress. The exchange of local surpluses of native food and other commodities arranged by this administration between these States show considerable increases during the month, and while they amount to over 100,000 tons they are not included in the above totals.

During the month further progress has been made in remedy of the terrible situation in Armenia and the Baltic States.

The organisation of wholesale special feeding of undernourished children is now generally complete and some 4,000,000 children are being served.

I am confident that if we meet no interruption through delay in Peace we shall reach completion of this task with the harvest, without any preventable loss of life.

Faithfully yours,

HERBERT HOOVER

[Enclosure]

TABLE I

SUMMARY OF ALL RELIEF SUPPLIES DELIVERED DECEMBER 1, 1918, TO JUNE 1, 1919
(Metric Tons)

	Bread-stuffs	Beans and Peas	Rice	Meats and Fats	Condensed Milk	Clothing	Miscellaneous	Total
Finland	85,396	302	85	1,875	260	.	1,638	89,556
Poland	139,105	4,492	3,160	16,978	3,772	4,265	128,467	300,239
Estonia	10,895	210	10	400	50	.	3,050	14,615
Latvia	2,462	25	7	142	106	.	2	2,744
Lithuania	2,299	8	8	.	.	.	.	2,315
Denmark	9,912	.	.	.	.	.	.	9,912
Belgium	578,672	14,796	20,380	66,075	13,046	6,750	23,695	728,414
Northern France	1,509	5,427	7,485	11,109	5,617	1,024	19,406	51,577
Czecho-Slovakia	165,887	378	151	15,119	1,839	105	46,004	229,483
Greater Serbia	74,511	3,788	16	5,593	504	1,413	16,987	102,812
German Austria	186,253	5,487	11,587	31,276	4,589	.	49,716	238,908
Hungary . . . . .	.	.	.	635	.	.	.	635
Germany	203,644	29,014	24,221	57,062	12,425	.	81,894	408,280
Russian Prisoners in—								
Germany	779	.	.	1,050	.	.	.	1,829
Roumania	143,691	799	.	2,959	2,733	4,189	20,709	175,080
Turkey	10,944	.	.	.	.	.	3,305	14,249
Armenia	18,738	619	.	.	459	.	.	19,836
Bulgaria	20,846	.	.	.	.	.	.	20,846
Novorossisk	400	.	.	.	.	.	.	400
Russia . . . . .	.	.	.	.	.	.	14,750	14,750
Total	1,655,983	65,345	67,110	210,273	45,400	17,746	409,623	2,486,230

TABLE II
TOTAL DELIVERIES DURING MAY 1919

	Bread-stuffs	Beans and Peas	Rice	Meats and Fats	Condensed Milk	Sugar and Cocoa	Clothing	Potatoes	Miscellaneous	Total
Belgium	85,996	3	. . .	2,132	6,075	896	2,145	. . .	477	97,724
Northern France . . . . .	. . . . .	. . .	. . .	58	798	125	108	. . .	672	1,761
Finland	10,841	75	85	25	. . .	. . .	. . .	. . .	. . .	11,026
Poland	53,269	2,115	3,160	277	474	35	706	. . .	56	60,092
Estonia	2,062	10	10	200	. . .	. . .	. . .	. . .	. . .	2,282
Latvia	462	25	7	57	29	2	. . .	. . .	. . .	582
Denmark	9,912	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	9,912
Germany	95,521	13,366	7,040	27,873	8,325	. . .	. . .	29,874	. . .	181,999
Germany, C. R. B.	20,955	7,249	15,828	10,054	. . .	. . .	. . .	. . .	. . .	54,086
German Austria	72,699	2,194	1,935	13,419	2,264	9,720	. . .	8,316	215	110,762
Czecho-Slovakia	74,653	95	151	5,673	612	39	. . .	. . .	. . .	81,223
Greater Serbia	17,115	3,758	16	270	477	63	. . .	. . .	. . .	21,729
Roumania	67,564	531	. . .	. . .	1,773	949	. . .	. . .	2,356	73,173
Armenia	12,307	. . .	. . .	. . .	282	. . .	. . .	. . .	. . .	12,589
Turkey	5,550*	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	5,550
Bulgaria	13,797	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	13,797
Novorosisk	400	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	400
Total	543,103	29,451	28,232	60,038	21,109	11,829	2,959	38,190	3,776	738,687

TABLE III
STOCKS AND INTERNAL MOVEMENTS DURING MAY 1919
(Metric Tons)

	Bread-stuffs	Rice	Beans and Peas	Fats and Meats	Condensed Milk	Potatoes	Clothing	Miscellaneous	Total
Reserve port stocks, May 1, 1919	97,833	15,636	9,681	43,633	14,865	. . . . .	4,068	15,530	201,251
Supplies received during May	527,519	18,621	24,059	56,833	15,241	38,190	2,464	21,286	704,213
Total available in May	625,352	34,257	33,740	100,471	30,106	38,190	6,532	36,816	905,484
Distribution during May	543,103	28,232	29,451	60,038	21,109	38,190	2,959	15,605	738,687
Reserve port stocks, May 31, 1919	82,249	6,025	4,289	40,433	8,997	. . . . .	3,573	21,211	166,777

Supreme Economic Council: Twenty-fifth Meeting Held at the Ministry of Commerce [on 30th June, 1919, at 10 a. m.]

The Supreme Economic Council held its Twenty-fifth Meeting on Monday 30th June 1919, at 10 a. m. under the Chairmanship of Lord Robert Cecil.

The Associated Governments were represented as follows:—

UNITED KINGDOM:	Mr. Wise, Sir Wm. Goode, Mr. Waley, Mr. Barrie.
UNITED STATES:	Mr. Hoover, Mr. Gordon, Dr. Taylor, Mr. Dulles, Mr. Riley.
FRANCE:	M. Clémentel (part time), M. Loucheur, M. Claveille, M. Vilgrain, M. Seydoux, M. Celier (part time).
ITALY:	Signor Crespi, Commendatore Attolico.
BELGIUM:	M. Jaspar, M. de Cartier de Marchienne, Lieut. Col. Theunis.

240.

The Minutes of the Twenty-fourth Meeting were approved.

241. Allied Economic Co-operation After Peace.

With reference to Minutes 216 and 238, memoranda from the American (217) and French Delegates (218) dated 22nd [*sic*] and 28th June respectively were submitted.

In this connection the following decision reached by the Council of Heads of States at their Meeting on 28th June was reported:—¹

“That in some form international consultation in economic matters should be continued until the Council of the League of Nations has had an opportunity of considering the present acute position of the economic situation, and that the Supreme Economic Council should be requested to suggest for the consideration of the several Govern-

¹ See CF-97, minute 8, vol. vi, p. 741.

ments the methods of consultation which would be most serviceable for this purpose."

It was agreed that the Committee on Policy should consider and report to the Council as soon as possible upon the best means of carrying into effect the decision of the Council of Heads of States and that the Committee should meet in Paris or London as might be more convenient.

242. Removal of Blockade on Germany.

(i) A Minute of the 31st Meeting of the Blockade Section held on 25th June (219) embodying proposals for the termination of the restrictions upon trade with Germany was submitted and approved.

(ii) The instructions (220) given by the Council of Heads of States to the Blockade Section ^{1a} to the effect that the arrangements for rescinding restrictions upon trade with Germany should be based upon the assumption that the Blockade will be raised immediately on the receipt of information that the Treaty of Peace has been ratified by Germany, were noted.

(iii) In connection with the above decisions the position, as regards censorship and the execution of the Brussels Agreement, was considered.

It was agreed :—

(a) As regards censorship, that a communication in the following sense should be sent by the Delegates present, to the representatives of their respective Governments on the Council of Ten :—

"The Supreme Economic Council desires to have instructions from the Council of Ten as to the removal of the censorship. It is the personal view of the majority of the members of the Supreme Economic Council that the censorship should be removed co-incidently with the removal of the blockade which, as indicated in the note from the Council of Heads of States of 26th June, should be raised upon the ratification of the Treaty of Peace by Germany.

The Supreme Economic Council would be glad to receive instructions upon this matter."

(b) As regards the execution of the Brussels Agreement, and the other Agreements entered into with Germany under the Armistice, that the Sub-Committee on Germany should be instructed to examine the position and inform the Council what action, if any, will be necessary in connection therewith, in the event of the blockade on Germany being raised.

243. Blockade of Hungary.

With reference to Minute 225 a letter dated 26th June (221) reporting that the Council of Heads of States had decided to authorise

^{1a} See CF-92, minute 8, vol. vi, p. 671.

the raising of the Blockade on Hungary as soon as Hungary has complied with the requirements of the Allied and Associated Governments, was noted and referred to the Blockade Section.

244. Allied Economic Policy in Russia.

The Council had before them memoranda from all the Sections regarding the extension of the operations of the Supreme Economic Council to include Russia, as follows:

(a) Food	(198) ²
(b) Communications	(209) ³
(c) Finance	(222)
(d) Shipping	(223)
(e) Raw Materials	(224)

It was agreed that a special Sub-Committee should be appointed to consider in detail the memoranda put forward by the Sections, and co-ordinate the proposals made therein and that the Delegations should appoint their representatives on the Sub-Committee as soon as possible.

245. Railway Assistance to Bulgaria.

A Minute from the Communications Section (225) regarding the allocation of responsibility for assisting in improving the railway transport facilities in Bulgaria, was considered.

It was agreed that, as no urgent demands for assistance had been received, the matter did not call for immediate action by the Council. There was no objections, however, to the Italian Government despatching liaison officers to be attached to the French Military Mission in charge of the Bulgarian railways.

246. Use of Ex-Enemy Tonnage.

(i) Note from the Belgian Delegates (226) regarding the port of discharge of German vessels carrying foodstuffs purchased by Germany in the Argentine through the Agency of the Compañía Mercantil, was submitted and referred to the Allied Maritime Transport Executive for examination and report.

(ii) A Note from the Belgian Delegates (227) referring to the decision reached by the Council at the Meeting held on the 12th May with regard to the allocations to Belgium for management of a number of German ships, was considered.

It was agreed to refer the note to the Allied Maritime Transport Executive for action in consultation with the Belgian representatives, on the understanding that in the event of a disagreement the matter was to be submitted to the next Meeting of the Council.

² *Ante*, p. 368.

³ *Ante*, p. 407.

(iii) Proposals (228) put forward by the British Delegates regarding the allocation and management of ex-enemy tonnage until the final ownership is decided in pursuance of the terms of the Treaty of Peace, were considered.

It was agreed:—

(a) that, in view of the anticipated early visit of the principal Delegates to London, it should be proposed to the Allied Maritime Transport Executive that a special meeting should be held on their arrival to discuss these problems.

(b) that it should be recommended to the Allied Maritime Transport Executive that when ex-enemy tonnage is being re-allocated for management, the division should be made as far as possible, on the basis of the terms of the Treaty of Peace as regards the final disposition of the boats.

In accepting the above decisions the following reservation was made:—

The American Delegates stated that the United States Government had undertaken to repatriate a number of Czecho-Slovakian refugees at Vladivostock and that their Government would require to use for this purpose the ex-enemy passenger tonnage now being used for the repatriation of American troops;

The French Delegates called attention to their urgent needs of cargo tonnage for coal and wheat and of passenger tonnage for their essential repatriation and colonial services.

The Italian Delegates requested that in the re-allocation of ex-enemy passenger tonnage due regard might be had to the requirements of the Italian Government in respect of the repatriation of Italian emigrants, particularly refugees in Macedonia.

247. Gold Deposit at Vienna by Hungarian Syndicate as Security for Foodstuffs To Be Supplied to Hungary.

With reference to Minute 227 the following decision reached by the Finance Section at their Meeting on 27th June was noted and approved.

“It was agreed that the three million gold crowns in question should be sent to the Bank of Italy at Trieste and should remain there and not be removed except on order of the Italian Treasury who would only act on the authority of the Allied and Associated Governments.”

248. The Danube Situation.

(i) The Director General of Relief referred to the impossibility of maintaining adequate communication with the States adjacent to the Danube until such time as an arrangement was made whereby the passage of goods through Hungary could be facilitated and urged upon the Council the imperative necessity for ensuring that some im-

mediate action would be taken in order to prevent an economic disaster.

It was agreed that the Director General of Relief should prepare a statement of the position for submission to the Council of Ten, recommending that immediate steps should be taken to alleviate the present situation.

(ii) With reference to Minute 231, amended resolutions from the Inter-Allied Danube Commission (229) and draft resolutions submitted by the Communications Section (230) regarding the arrangements to be made for control of the Danube traffic until the execution of the terms of the Treaty of Peace, were submitted and approved.

The French Delegates requested that their reservation to the effect that "the final decision would be subject to any objections raised by the High Command or by the Foreign Offices of the several Countries represented on the Inter-Allied Danube Commission", might be placed on record.

249. Consideration of Economic Problems Arising in Connection With the Treaty of Peace.

The French Delegates referred to the probable necessity for constant discussion between the Delegates of the Allied and Associated Governments and the German Delegates regarding economic problems which would arise in connection with the execution of the Treaty of Peace. They pointed out that the Reparation Commission provided for by the Treaty had not yet been established and that some of the problems needed immediate attention.

It was agreed that the Council should take no action regarding this matter it being their view that the problems referred to by the French Delegates would more properly be dealt with by the existing Reparation Commission under the Peace Conference, rather than by the Council.

Appendix 217⁴

American Note on Suggestions of Various Allies as to Economic Co-operation After Peace

With respect to the note by the British Delegation,⁵ the American Delegates would like to observe as to paragraph 2, that they cannot at all agree with the constructions placed on the expressions in the Treaty with regard to German supplies. Such construction will imply the rationing of Germany over a term of years the establishment of priorities, and a control over commercial relations of Germany, and

⁴ Appendixes 217 to 230 filed separately under Paris Peace Conf. 180.0501/35.
⁵ Appendix 212, p. 414.

by agencies outside the Reparation Commission which are in contradiction to the spirit of the Treaty, and the American Delegates who were members of the Committee, who settled these phases of the Treaty, absolutely repudiate any suggestion that such intention was ever discussed or determined. They also find themselves in entire disagreement with many other propositions contained in the note. They simply want to record the fact that they do not accept the propositions laid down.

With respect to the French propositions,⁶ they wish to observe that from a historical point of view co-operation in economic measures between the nations engaged against Germany have grown gradually since the beginning of the war, and do not take their root in any particular document or agreement. The organisations for this purpose have expanded and contracted with the problems to be met. Many forms of organisation have already been abandoned and new ones created as necessities suggested, nor are any of the arrangements entered into in any way obligatory of continuation after the signature of Peace. The American Delegation wishes to place on record the fact that so far as the United States is concerned all economic arrangements binding the American Government fall absolutely with the Peace signature, and bear no relation to any subsequent arrangements that may be entered upon, which must be of world character and not limited to a particular block of nations.

As to the role of the various executives and sections now extant, they cannot agree to any participation in the continuation of these bodies except in the sheer sense of liquidation at the earliest possible moment.

H. HOOVER

JUNE 27 [sic], 1919.

Appendix 218

Memorandum From the French Delegation on National Control Policy

The French Government, owing to the complete suppression by the United States of all measures of control, has given complete freedom to exports, the only reservation being that of laws connected with trading with the enemy.

The French Government has also, by a recent decree, permitted the importation of the majority of products, freedom of import which will very shortly be extended to almost all goods.

⁶ Appendix 213, p. 418.

This has been done in accordance with the desires constantly expressed by the American and British Delegates on the Supreme Economic Council.

But the Allies, as a whole, have not taken corresponding measures, and the situation created in France by the maintenance of national control in other Allied countries is extremely grave.

Two instances of this stand out clearly and are as follows:—

Coal.—England instituted a control of coal which enabled her to supply the Allies with coal at the same price as that used for national consumption.

At present the only person profiting by it is the English consumer. The French purchaser pays 60 to 80 f. o. b. more than the English buyer. Further, France is compelled, owing to the destruction of her mines, to turn to England for supplies.

Moreover, the freight rates to France are now extremely high, owing to the control of tonnage by the British.

A limited price was fixed by the Franco-English agreement of December 1918, but this price is very high and it is impossible to charter under it owing to the restrictions imposed on the ships carrying coal to Dunkerque, for example, to go to Bilbao to carry a cargo of ore for England at a ridiculous price.

The result that this has on the French metallurgical industry is that she pays an exorbitant price for her coal, whereas the English industry buys coal and ore at a very low price.

Freight.—When a quarter of wheat is sent from New York to Liverpool, one has to pay 9s.; from New York to Le Havre, 15s. For a ton of wheat 110s. from Australia to England; France cannot even find ships at 250s.

France cannot get the necessary ships to carry the stocks in her Colonies which are deteriorating on the spot, and is compelled to purchase in England the same commodities coming from the English Colonies.

Besides, the French trade has always had need of British tonnage, now more than ever, since the war has reduced considerably French tonnage.

Other instances could easily be given of similar differences in the price of a number of essential products.

Import restrictions produce the same disastrous results.

Consequently the French Delegation desire:—

1. That the Supreme Economic Council draw the attention of the Heads of Governments to the gravity of the situation resulting from the want of balance at present existing, and of the necessity, having regard to the circumstances, of returning to a uniform condition of freedom.

2. That the Council recommend, as being absolutely necessary, the Allied and Associated States to guarantee between them freedom to purchase, at equal prices and conditions, all products and materials coming from their respective territories, as well as permission to use under the same conditions, the means of transport under their con-

trol or at their disposal; also mutually to guarantee permission to import and export.

3. That, if in certain exceptional cases national control is maintained by any one of the Allied countries, this country should take all necessary measures in order that the other Allied countries should not suffer therefrom.

Appendix 219

[Minute of Meeting of the Blockade Section Held June 25, 1919, Regarding] Termination of Restrictions Upon Trade With Germany

The Council adopted the following resolutions:—

Resolved.

“That, in accordance with the decision of the Supreme Council of the Principal Allied and Associated Powers, the Superior Blockade Council recommend that the War Trade Board, in the case of Norway and Denmark, and the Governments of Great Britain, France and Italy in the case of Sweden, and the said Governments in conjunction with the War Trade Board in the case of Switzerland and Holland, shall at once instruct their representatives in the respective countries to arrange, if possible, for the termination of the General Agreements with those countries by mutual consent upon such date as may be fixed by the Supreme Council; or failing consent by the neutral parties to such termination, to give upon the date fixed as aforesaid formal notice to terminate said agreements; and the Council further recommend that the Governments of Great Britain, France and Italy, and the War Trade Board, in the case of agreements to which they were not principal parties, but merely adhered, shall instruct their respective representatives to advise the neutral parties to such agreements of their concurrence in the proposal of the principal Allied parties to the agreements to terminate the same.”

Further resolved.

“That in regard to other matters affecting the liquidation of the blockade, such as the termination of sundry Blockade Agreements, including the various agreements between the British and General Trading Association, Limited, and certain bodies in Holland, the Council entrusts to the Allied Blockade Committee, the Inter-Allied Commission, Berne, and the Comité du Blocus de l’Orient in the case of the northern neutrals, Switzerland and the East respectively, the duty of taking into consultation with their Governments any measures necessary to carry into effect the above decision of the Supreme Council of the Principal Allied and Associated Powers.”

Further resolved.

“That the Council adjourn sine die.”

Appendix 220

Decision of Council of Heads of States [Regarding] Removal of Blockade on Germany

The Superior Blockade Council is instructed to base its arrangements for rescinding restrictions upon trade with Germany on the assumption that the Allied and Associated Powers will not wait to raise the blockade until the completion of the ratification, as provided for at the end of the Treaty of Peace with Germany, but that it is to be raised immediately on the receipt of information that the Treaty of Peace has been ratified by Germany.

W. W.
G. C.
D. LL.-G.
N. M.
S. S.

JUNE 26, 1919.

NOTE.—On the 27th June the Council agreed that the above decision should be notified to the Germans by the President of the Peace Conference on behalf of the Allied and Associated Governments immediately after the signature of Peace.⁷

Appendix 221

[Letter From Sir Maurice Hankey Embodying] Decision Reached by Heads of States Regarding the Blockade of Hungary

The Council of the Principal Allied and Associated Powers this morning had before them a proposal which had been forwarded to President Wilson by Mr. McCormick,⁸ recommending that—

After the Treaty of Peace has been accepted and signed by Germany;

After the Bela Kuhn Government of Hungary has withdrawn its military forces within the lines fixed by the Allied and Associated Powers;

After the Bela Kuhn Government of Hungary has suspended military operations against surrounding States, as specified by the Allied and Associated Powers;

the blockade of Hungary be raised in the same manner as has been done for German Austria, to permit shipments of food, raw materials, animal products, manufactured articles, and all ordinary commodities,

⁷ See CF-95, minute 2, vol. vi, p. 720.

⁸ See CF-98, minute 8, *ibid*, p. 701.

excluding, however, all implements of war, gold, securities or other values, which would reduce the power of Hungary to complete such reparations as may be imposed upon her.

It was agreed that the Superior Blockade Council should be authorised to carry out this recommendation as soon as they are notified by the Allied and Associated Powers that Hungary has actually complied with the requirements of the Principal Allied and Associated Powers.

I am directed to communicate the above decision for your Excellency's information in order that the Superior Blockade Council and other interested parties may be notified, and in order that the necessary notification may be made to the Superior Blockade Council if and when Hungary actually complies with the requirements of the Principal Allied and Associated Powers.

Believe me [etc.]

M. P. A. HANKEY

JUNE 26, 1919.

Appendix 222

Report of the Finance Section on the Extension of the Operations of the Supreme Economic Council To Include Russia

1. Importance of Assistance to Russia.

It must be borne in mind that no Government can hope to keep in power in Russia and to avoid fresh civil wars unless it is able substantially to improve the economic condition of the country. This aspect of the matter is at least as important as questions of a purely military character. The financial assistance which would probably be required by any Government which may establish itself in Russia is dealt with below.

The Finance Section wish to point out that the relief funds of the United States and the United Kingdom are almost exhausted, and the French relief fund entirely so. It is therefore an urgent matter for the Governments concerned to consider what further financial provision will be required to assist Russia in order that Parliamentary sanction may be asked for whatever funds are decided to be necessary.

2. Financial Requirements.

(a) The Food Section have reported that it would cost 30,000,000L a year to finance a relief programme for Russia. It is understood, however, that Russia should be self-supporting as regards food to a large extent if stable Government and transport were restored. It is not therefore considered that any large financial provision need be made for food supplies.

(b) The Communications Section stated that the immediate requirements for the whole of European Russia would cost 8,000,000L. It is understood that the requirements for the parts of Russia at present occupied by the Anti-Bolshevik Government would cost 2,000,000L. to 3,000,000L. Of this, 500,000L. to 1,000,000L. has been promised by the British War Office for the area occupied by General Denikin. It is important to realise that delay in meeting these demands involves a much greater expenditure hereafter.

The Siberian Railway is already being supervised by an Inter-Allied Committee, and financial assistance is being given by the United States, British, and Japanese Governments. The British Government have also allocated 500,000L. for railways in Poland.

(c) The report from the Raw Materials Section has not yet been received.

(d) Currency reorganisation.

The complete disorganisation of Russian currency is undoubtedly one of the chief obstacles to the resumption of trade and normal conditions.

The rouble—which is worth 2s. at par—fell to 5d. in the beginning of 1919, and has now fallen to 2d. to 1 1/2d.; the reasons for this depreciation are:—

1. The issue of vast quantities of Imperial and Kerensky rouble notes by the Bolsheviks.
2. The issue of large quantities of paper money made in America by the Omsk Government.
3. The prohibition of export and import of roubles in most countries throughout the world.
4. The lack of exports from Russia owing to political and transport conditions.

There are numerous varieties of rouble notes in circulation, the Czar rouble, the Kerensky rouble (at a depreciation of 10 to 20 per cent. in different parts), the Omsk Government rouble, manufactured in America (at a depreciation of 15 to 20 per cent., as against Czar and Kerensky roubles in Siberia), and innumerable local issues, of which there are no less than thirty-two in South-East Russia alone.

The only solution of the difficulties will probably be found to lie in a currency reorganisation scheme, under which all existing currency will be called in and a new paper currency issued at the rate of, for example, one new rouble for ten existing roubles, and considerable dollar and sterling loans to the Russian Government to assist in the provision of foreign exchange.

The Finance Section are decidedly of opinion that:—

- (a) No attempt can be made to deal with the problem until Russia is freed from civil war, and
- (b) The initiative should come from the Government of Russia and not from any outside Powers.

It should, however, be realised that this problem will require to be very speedily dealt with as soon as Russia is freed from civil war, and that a large measure of financial assistance will inevitably be required.

3. Co-operation.

The problem of assisting Russia is much too great for any one Power to tackle alone, and it will have to be faced by all the Governments concerned in close co-operation. It is essential that a concerted policy should be framed as soon as possible and suitable methods of co-operation worked out.

JUNE 24, 1919.

Appendix 223

Note From the Allied Maritime Transport Executive [Regarding] Allied Economic Policy in Russia

With reference to the Supreme Economic Council Minute 212, regarding the economic policy to be adopted as regards Russia in the event of the re-establishment of a stable Government, I am instructed by the Allied Maritime Transport Executive to inform the Supreme Economic Council that, in the view of the Executive, it appears that the question of relief in Russia is primarily one of food and finance, and that in the absence of estimates as to the extent of relief contemplated, the Executive are not in a position to say how the use of ex-enemy tonnage would be affected thereby.

On behalf of the Executive I am also desired to point out that the only tonnage under their control is ex-enemy tonnage, and on conclusion of Peace this tonnage will in due course be divided between the Associated Powers for final ownership, with the result that the Allied Maritime Transport Executive will not have the same control over their employment as they now possess.

C. C. BARRIE

JUNE 26, 1919.

Appendix 224

Extract From Minutes of an Informal Meeting of the Raw Materials Section [Regarding] Allied Economic Policy in Russia

Continuation of the discussion of the effect of the inclusion of Russia within the scope of the activities of the Supreme Economic Council.

Mr. Baruch stated that, so far as the United States were concerned, the Delegation in Paris had no authority to take any action in this matter, and it would be necessary to consult Washington before any

definite decision could be taken. Mr. Baruch added that the solution of the financial problem, which appeared to him to be the most important side of the question, would, in all probability, go a considerable way towards settling the difficulties of the supply of raw materials in Russia. He gave it as his opinion that the declaration of Peace would, in all probability, bring about a considerable reduction of freight rates, and a consequent lowering of prices in Europe.

Major Bemelmans referred to the statement which he was preparing, more particularly in connection with the requirements of Belgian firms in the Donetz basin, and in other parts of Russia, and enquired whether there would be any objection to the submission of this report, when ready, to the Supreme Economic Council.

Mr. Baruch was of the opinion that the collection of information on the problem might be of considerable use if and when any executive action were decided upon.

It was resolved that the Section should report to the Supreme Economic Council that the work of the Raw Materials Section, as regards the reconstruction of Russia, could not in the present circumstances go beyond the collection of data and the exchange of information on the subject, with a view to the speedy execution of Inter-Allied policy, if and when such common executive action were decided upon.

JUNE 26, 1919.

Appendix 225

Minute From Communications Section [Regarding] Railway Assistance to Bulgaria

(a) The Italian representative, referring to Minute 47 of the eighth meeting of the Supreme Economic Council,⁹ of date the 17th March, 1919, requested that this matter should be again brought forward by the Communications Section to the Supreme Economic Council for a decision.

(b) The American representative called attention to the fact that, as no reports on the importance of economic railway conditions had reached the Section, and in view of the probable short existence of the Supreme Economic Council and its composite sections, he could not see the advisability of sending out an economic mission at this late date.

(c) It was agreed that the matter should be referred to the Supreme Economic Council as an Italian request.

⁹ *Ante*, p. 67.

Appendix 226

Note From the Belgian Delegation [Regarding] Relief Supplies Purchased by Germany in America [Argentina] Through the Compañía Mercantil

Item 7 of the Agenda of the meeting of the Supreme Economic Council held on the 23rd June refers to a report from the Freight Committee of the Food Section, regarding the use of enemy tonnage.¹⁰

In paragraph 7 of the report it is stated that a part of the German tonnage has been utilised for the transport of food supplies purchased by Germany in the Argentine through the agency of the Compañía Mercantil; the Company in question effected these purchases through their agents, M. W. Müller & Co., at La Haye.

In this connection it is thought possible that the German tonnage thus utilised will be diverted to Dutch ports instead of to Antwerp.

The Belgian Delegation, therefore, begs the Supreme Economic Council to do all in their power to ensure that a part, at least, of the tonnage be diverted to Antwerp.

Appendix 227

Note From the Belgian Delegation [Regarding] Management of Enemy Merchant Tonnage

At its meeting held on the 12th May the Supreme Economic Council decided:—¹¹

(a) That the Belgian Government should be requested to provide the Transport Executive, at the earliest possible date, with full details regarding the number of Belgian officers, engineers, and seamen now seeking employment.

(b) That the Transport Executive should endeavour to use these crews for manning the ships at present unallocated.

(c) That if, after the completion of these arrangements, the Belgian Government are dissatisfied with the division made, the matter shall, at their request, be reconsidered by the Council.

In accordance with these decisions, the Belgian Government informed the Transport Executive that they were willing to supply a minimum of ten complete crews, and requested, therefore, the management of ten German ships.

Up to the present, however, the Transport Executive are only disposed to allow Belgium the management of three German ships, which were previously managed by the British, and one German ship now under French management.

¹⁰ Appendix 205, p. 382.

¹¹ Minute 154, p. 250.

In accordance with the decision arrived at by the Supreme Economic Council in Clause (c) above, the Belgian Delegation requests the Supreme Economic Council to be good enough to reconsider the question of the division of management of German tonnage, in order that, if possible, a number of German ships equal to the crews which Belgium can furnish may be allocated to her for management.

Appendix 228

Proposals Relating to Enemy Tonnage To Be Put Forward by the British Representatives

Enemy ships delivered to the Allied and Associated Governments by Germany under the Armistice arrangements shall continue to be managed by the country at present managing them until the final ownership is decided, in pursuance of the Treaty of Peace, subject to the following conditions:—

1. Cargo vessels.

(a) It shall at once be ascertained from the German Government which of the ships able to deliver cargoes in Germany by the 31st August are still required and can be financed by the German Government. The Allied and Associated Governments shall be free to dispose of any boat not required by Germany, the Germans being definitely so informed.

(b) That German tonnage up to the amount required for German food to be delivered by the 31st August shall be employed for this purpose.

(c) All surplus German tonnage shall be directed by the managing country until the final division is made, subject to the general supervision of the Allied Maritime Transport Executive.

(d) Up to the date at which the ownership of a vessel passes to the Reparation Commission, hire, at net Blue Book rates, shall continue to be payable to the German Government.

(e) From that date hire shall be paid at commercial net rates to a Central Allied Fund, to be held in trust ship by ship for the country to which the vessel is finally allotted. It is suggested that this central fund should be the fund at present administered by the Allied Maritime Finance Committee, who, for this purpose, should act on behalf of the Reparation Commission.

(f) The Government using a ship before handing it over to another Government to which the ship has been allotted for ownership shall be liable to the Reparation Commission for the expense of reconditioning. Where a vessel has been managed by more than one

Government, the expenses of reconditioning shall be allocated between them by the Reparation Commission.

2. Passenger vessels.

As repatriation of troops, prisoners of war and refugees is not yet completed, any enemy passenger vessels allotted to any country in pursuance of and for the purposes indicated in the resolutions of the Allied Maritime Transport Council which may cease to be required for the prescribed services by that country shall be placed by that country at the disposal of the Allied Maritime Transport Executive for reallocation.

The financial arrangements as regards hire and reconditioning to be similar to those for cargo boats.

The foregoing resolutions relate primarily to German tonnage, but will apply equally to Austrian tonnage, it being assumed that there is a corresponding obligation on Austrian tonnage to be used for non-German relief up till the 31st August. Austrian cargo vessels shall be employed on the same principles as proposed for German cargo vessels, and Austrian passenger vessels shall be available for the specified repatriation purposes as long as required.

Appendix 229

Amended Resolution of Inter-Allied Danube Commission

1. In the navigable waters of the Danube River System all craft, whether captured, requisitioned or taken under the Armistice and not already entrusted to an Allied Power shall, except as needed for military purposes, be under the control of the Inter-Allied Danube Commission until other dispositions are made conformably to the Treaties of Peace. The Commission shall cause such craft to be employed for the furtherance of commerce by operating them under the Inter-Allied flag or by arranging for them to be operated under other flags and upon conditions approved by it.

2. International services conducted by the instrumentality of any Danubian State or by any subsidised or unsubsidised company or individual are to be operated in accordance with such rules and regulations as the Inter-Allied Danube River Commission may approve or prescribe.

3. Pilots and pilotage shall be regulated by the Commission, which shall have power to fix and collect charges for pilotage and other services rendered and for the carriage of passengers and freight in craft operated under its flag or control.

4. The Commission shall have power to make works of repair and improvement calculated to facilitate or increase navigation and to

requisition or lease such harbour facilities and quarters on land as it may deem necessary to the performance of its work. It shall exercise such powers in accordance with the regulations that govern any Allied military forces in the particular locality.

5. This resolution shall not affect the control of naval crews or the boats or equipment of the European Commission of the Danube or be construed to abridge that Commission's jurisdiction.

JUNE 19, 1919.

Appendix 230

Draft Resolution Submitted by Communications Section on the Danube Situation

1. The functions of the Inter-Allied Danube Commission, whether as regards regulating the navigation of the river until this duty is transferred to the Commission referred to in Article 247 of the Treaty with Germany, or as regards the control and effective utilisation of captured, requisitioned or Armistice craft pending final disposal conformably to the provisions of the Treaties of Peace, are exercised in virtue of the authority of the High Command, which is competent to authorise the issue of instructions on all the points covered by the resolution of the Inter-Allied Danube Commission dated the 19th June,¹² with which the Supreme Economic Council concurs.

2. The Supreme Economic Council consider it will be best for the High Command to notify the riparian States of the formation of the Commission under its authority, and the powers delegated to it for the execution of its functions.

3. The Communications Section will take the necessary action.

¹² Appendix 229, *supra*.

Supreme Economic Council: Twenty-sixth Meeting Held at the Ministry of Commerce [on 10th July, 1919, at 4:30 p.m.]

The Supreme Economic Council held its Twenty-sixth Meeting on Thursday, 10th July, 1919, at 4.30 p.m. under the Chairmanship of Monsieur Clémentel.

The Associated Governments were represented as follows:—

UNITED KINGDOM.	Mr. Wise. Mr. Waley. Mr. Barrie.
UNITED STATES.	Mr. Hoover. Dr. Taylor. Mr. Dulles.
FRANCE.	M. Loucheur. M. Boret. M. Vilgrain. M. Seydoux.
ITALY	Commendatore Volpi.
BELGIUM.	M. de Cartier de Marchienne.

250.

The minutes of the Twenty-fifth Meeting were approved.

251. Removal of Blockade on Germany.

(i) With reference to Minute 242 (iii) the following decision formulated by the Supreme Council at their Meeting held on 7th July was recorded:—¹

"That the commercial censorship as being part of the measures constituting the blockade on Germany should be abolished at the same time as the blockade."

It was noted that each of the interested Governments would in due course take such steps as were necessary to carry the above decision into effect.

(ii) With further reference to Minute 242 (iii) a report from the Sub-Committee on Germany (231) regarding the execution of the Brussels Agreement and other Agreements entered into with Germany under the Armistice, in the event of the blockade on Germany being raised, was submitted for the information of the Council.

It was noted that in accordance with the decision reached by the Council at the last Meeting the report had been sent to the Committee

¹ See HD-1, minute 7, vol. vii, p. 40.

on the organisation of the Reparation Commission established by the Council of Five.

(iii) (a) The Director-General of Relief submitted that as the above Committee would for the time being deal with all economic questions arising out of the Peace Treaty it would be desirable for the Sub-Committee on Germany to discontinue its activities immediately in order to prevent all risk of overlapping and duplication of activities.

The British Delegates pointed out that there were certain current matters with which the Sub-Committee on Germany were already dealing and which it might be desirable for them to complete and suggested that the Sub-Committee should continue its work until the dissolution of the Council.

It was agreed that the Sub-Committee should prepare a report for consideration by the Council at the next Meeting giving details of the matters still outstanding with which the Sub-Committee had been dealing. The Council would then decide to what organisation these matters should be allocated for final settlement.

(b) The British Delegate on the Finance Section pointed out that there were certain financial details in connection with the payment of food supplied to Germany which were requiring settlement and enquired what the policy of the Council would be as regards these.

It was agreed that the Finance Section should be authorised to continue its work with a view to adjusting all outstanding matters as soon as possible but that the Section should also prepare a report regarding the position for submission to the Council at the next Meeting.

(iv) A note from the British Delegates (232) embodying a draft resolution dealing with the termination of neutral trade agreements was submitted.

The resolution amended to read as follows was adopted:—

“The Allied blockade representatives in neutral countries bordering on Germany shall be informed that the date to be fixed for the termination of the existing blockade agreements by mutual consent will be the date when the Allied and Associated Governments are officially informed of the regular and full ratification of the Peace Treaty by the German Republic.”

252. Resumption of Work in Vieille-Montagne Factories.

A letter from the Belgian Delegates dated 7th July (233) referring to an enquiry made as to the views of the Allied and Associated Governments regarding the proposed resumption of work at the Vieille factories of Borbeck Oberhausen immediately after the conclusion of Peace, was submitted.

It was agreed that there was no objection to this proposal.

253. Supply of Coals From Czechoslovakia to Vienna.

With reference to Minute 230 a note from the French Minister at Prague dated 3rd [1st?] July (234) reporting that the Czech Government had not and did not intend to discontinue their shipments of coal to Vienna was noted.

254. Use of Fiume for Serbian Supplies.

A letter from the Serbian Delegation to the President of the Peace Conference dated 1st July (235) requesting that in order to facilitate the import of foodstuffs to Serbia, Croatia and Slovenia sanction might be given for the entry of imports through the port of Fiume, was submitted.

The Italian Delegates stated that importations could be effected not only through Gravosa, but also through Salonika, Cattaro and Dalmatian Ports. There was, however, no blockade on Fiume as a port of entry for foodstuffs destined for the Kingdom of Serbia, Croatia and Slovenia and the Italian Government was fully prepared to give all possible assistance to expedite the supply of foodstuffs required in those districts. They pointed out, however, that it would be necessary for supplies to be passed through the French or Italian naval or supply bases at Fiume and that the Italian Government would be unable to agree to the establishment there of a new naval or supply base by the Government of the Serbs, Croats and Slovenes.

It was agreed that the information supplied by the Italian Delegates should be transmitted by the French Delegates to the President of the Peace Conference.^{12a}

255. Relief Operations.

Statements (236) submitted by the Director-General of Relief formulating analyses of the respective contributions of the Allied and Associated Governments towards relief during the period from 1st December 1918 to 31st May 1919, were noted.

It was pointed out that there appeared to be certain discrepancies in the statements as compared with those prepared by the other Delegations and it was agreed that any modifications necessary should be communicated to the American Delegates.

256. Future Arrangements for Relief of German-Austria.

A letter from the German-Austrian Delegation at St. Germain dated 9th July (237) requesting the Allied and Associated Governments to assist further in the relief of German-Austria by granting additional credits for the supply of foodstuffs required for at least the months of August and September was submitted.

^{12a} See appendix B to HD-16, vol. vii, p. 354.

The Director-General of Relief stated that, in his opinion, the relief of German-Austria would have to continue for a very considerable period after the signing of Peace.

As the Supreme Economic Council had practically exhausted the resources available to them for this relief except in so far as the supply of a limited quantity of tonnage was concerned and in view of the fact that a Reparation Commission would have control of German-Austrian finance, he submitted that the body when formed should consider immediately as its first duty what steps should be taken to ensure an adequate supply of foodstuffs and raw materials to German-Austria.

It was agreed that the letter from the German-Austrian Delegation should be sent to the Supreme Council together with a statement from the Supreme Economic Council, pointing out that the problem calls for immediate attention by the Reparation Commission and recommending that the German-Austrian Government should be informed that this proposal will receive consideration immediately upon the formation of the Reparation Commission.^{1b}

257. Allied Economic Policy in Hungary.

With reference to Minute 248 the letter dated 1st July (238) sent by the Director-General of Relief to the Supreme Council regarding the pressing economic situation in South Eastern Europe arising out of the political situation in Hungary was submitted for the information of the Council.

It was reported that no decision had yet been reached by the Supreme Council.

258. Allied Economic Policy in Russia.

With reference to Minute 244 draft recommendations prepared by the Sub-Committee on Russia (239) were submitted and amended by striking out the last sentence in Clause 5.

The Council took note of the report and decided to recommend to the interested Governments that the proposals made therein should be adopted.

It was further agreed that the reports from the various Sections of the Council (see Minute 244) regarding this matter should also be transmitted to the Governments concerned together with the recommendations put forward by the Sub-Committee.

259. Economic Co-operation After Peace.

a) With reference to Minute 241 a report from the Committee on Policy was submitted and the recommendations made therein amended

^{1b} For text of reply sent to the German-Austrian delegation on July 17, 1919, see HD-9, minute 2, vol. VII, pp. 173, 176.

and approved for submission to the Governments of the Allied and Associated Powers.^{1c}

It was agreed that no public notification regarding these proposals should be made until they have been formally accepted by the Allied and Associated Governments.

b) A memorandum from the Director-General of Relief dated 3rd July (240) regarding the Economic situation in Europe was submitted for the information of the Council.

260. Health Conditions in South Eastern Europe.

The French Delegates reported receipt of a communication from a Representative on the International Red Cross Committee at Geneva (241) regarding the necessity for establishing a sanitary cordon through Libau, Vilna, Yassy and Galatz in order to prevent the spread of disease to Western Europe.

It was agreed that reply should be made to the effect that this matter is already being dealt with by the Allied and Associated Governments in collaboration with the Governments of the Countries in Eastern and South Eastern Europe concerned.

Appendix 231²

[Report From the Sub-Committee on Germany Regarding] Trade Restrictions on Germany During the Period Between the Raising of the Blockade and the Coming Into Force of the Peace Treaty

"As regards the execution of the Brussels Agreement, and the other agreements entered into with Germany under the Armistice, that the Sub-Committee on Germany should be instructed to examine the position, and inform the Council what action, if any, will be necessary in connection therewith, in the event of the blockade on Germany being raised."³

The Sub-Committee on Germany has considered the matter at a meeting held on the 1st July and minutes read as follows:—⁴

"It was pointed out that there would be an interim period between the raising of the blockade and the coming into force of the Peace Treaty, and that certain measures would be necessary to govern this situation. In this connection the following resolutions were adopted:—

^{1c} For text of resolution of July 10, see *Organization of American Relief in Europe*, p. 626.

² Appendixes 231 to 241 are filed separately under Paris Peace Conf. 180.0501/35.

³ See minute 242 (b), p. 431.

⁴ The quotation begins at minute 143 of the 16th meeting of the Sub-Committee on Germany.

resumed by joint agreement between the Associated Governments on the day when the German Republic having ratified the Peace Treaty, the blockade is raised, in accordance with the terms of the letter addressed to the President of the German Delegation at Versailles on the 27th June by M. Clemenceau.⁵

"The Sub-Committee wishes to point out that, if resumption of these relations is not immediately authorised, neutrals will enjoy an unfair advantage over Nationals of Allied countries. In these circumstances, the Sub-Committee would be glad to be informed of the measures the Associated Governments propose to take to authorise their Nationals to resume commercial relations with Germany as from the date in question, in such a way that no prejudice shall be done to the execution of the clauses of the Peace Treaty during the period before the coming into operation of the Peace Treaty.

'(2) The Sub-Committee assumes that, since the raising of the blockade will restore complete liberty to German trade, German exports will not be liable to seizure pursuant to belligerent right during the period between the raising of the blockade and the coming into operation of the Peace Treaty.

'(3) As regards exports from Germany, the Sub-Committee assumes that the announcement made to Germany of the lifting of the blockade will imply a similar announcement as to the removal of any restrictions on exports contained in or arising from the Brussels Agreement. It will therefore be necessary to secure the execution of the clause of the Peace Treaty as to export of certain commodities during the period between the raising of the blockade, and the putting into operation of the Treaty.

The Sub-Committee would therefore be glad to know what measures can be taken to that end.'

It was agreed that the above resolutions should be referred to the Committee on Reparations, since the Supreme Economic Council expressed the opinion on the 30th June that that body should be responsible for dealing with all economic questions arising out of the Peace Treaty during the interim period before the Reparations Commission was set up and began operations under the Peace Treaty.

144. O. T. Relevant Clauses of the Peace Treaty with reference to the raising of the Blockade.

Telegrams from the I. A. R. C. and the Sub-Committee (No. 109) circulated.

It was agreed :—

(1) That the I. A. R. C. should be referred to the letter of M. Clemenceau stating that the blockade would be raised as soon as the German Republic ratified the Peace Treaty.

(2) That the text of the resolutions in 143, above, should be forwarded to the I. A. R. C. ["]

Appendix 232

Note From British Delegates [Regarding] Termination of Neutral Trade Agreements

The Foreign Office have told the British representatives on the Inter-Allied Trade Committees in northern neutral countries, and the British representative on the Inter-Allied Commission at Berne, that the Supreme Economic Council will communicate to them as soon as possible the date which should be arranged for the termination of existing blockade agreements with neutrals, and that this date will probably be

⁵ See CF-95, minute 2, vol. vi, p. 720.

the date of the notification of the ratification of the Peace Treaty by Germany.

The British Delegates submit the following draft resolution:—

Resolved.

“That the Allied Blockade representatives in neutral countries bordering on Germany be informed that the date to be fixed for the termination of the existing blockade agreements by mutual consent will be as above.”

JULY 7, 1919.

Appendix 233

[*Letter From the Belgian Delegate (Bemelmans) to Miss Gertrude Dixon, Secretary, Supreme Economic Council*]

PARIS, July 7, 1919.

DEAR MISS DIXON: I enclose herewith copy of a letter received by the Belgian Government from the Société anonyme des Mines et Fonderies de Zinc de la Vieille-Montagne. It appears to me that the Allied Governments should raise no objection to the proposal made by the above-mentioned society, and the Belgian Government are quite ready to give their support to it.

They wish, however, to act in this respect in conformity with the Allies, especially with England and France, and they propose that the matter should be placed before the Supreme Economic Council for their consideration.

As it is probable, however, that the Council will not meet for some time, and as the matter is urgent, I thought it advisable, in order to save time, to approach the British and French Delegations separately in this respect.

I should be very grateful if you could let me have the views of your Delegation ^a on the principal points raised by the Société de la Vieille-Montagne as early as possible.

I am [etc.]

BEMELMANS

[Enclosure]

Revival of Work in the Factories of the Vieille-Montagne in Germany

SOCIÉTÉ ANONYME DES MINES ET FONDERIES DE
ZINC DE LA VIEILLE-MONTAGNE,
35, AVENUE DES ARTS, BRUSSELS, July 1, 1919.

To THE MINISTER: In agreement with the decision taken by the Council of the Vieille-Montagne which reads as follows:—

^a British Delegation.

"The Director-General asks whether there are any objections to the revival of work in the factories of Borbeck and Oberhausen immediately after the conclusion of Peace. The Committee are of the opinion that the work could be restarted after due enquiry has been made of the Belgian, English and French Governments."

I have the honour to inform you that I propose taking into my own hands the management of our affairs in Germany and the exploitation of the factories of Borbeck (foundries) and of Oberhausen (rolling-mills).

It is understood that the exploitation of our industry in Germany will be considered in a way most favourable to the interests of Belgium.

Should you or the Allied Government desire to raise any objection to this decision, I should be much obliged if you will let me know.

I should like to add that we have in Germany, in marks, the necessary funds for our industry, which we intend to use for the export of finished articles if we are authorised to do so.

We are, &c.

(Signed)

Appendix 234

[*Note From the French Delegate Regarding the] Supply of Coals by Czecho-Slovakia to Vienna*

The French Minister at Prague reports on the 1st July that the Czech Government never stopped their shipments of coals to Vienna, although no actual agreement is in force with Austria concerning these supplies.

The Czech Government has threatened to discontinue the shipments in order to secure by that means shipments of arms and ammunitions; but they never intended to carry out their threat, and in fact neither arms nor ammunition ever went to Czecho-Slovakia, while the supply of coal to Austria has been continued.

M. Clément-Simon confirms the accuracy of the above statements by the Czech Government as well as the sincerity of their good will.

SEYDOUX

PARIS, July 3, 1919.

Appendix 235

[*Letter From the] Delegation of the Kingdom of the Serbs, Croats and Slovenes [to the President of the Peace Conference (Clemenceau) Regarding] Utilisation of Fiume for the Provisioning of Serbia*

PARIS, July 1, 1919.

YOUR EXCELLENCY: The port of Gruza (Gravosa) near Ragusa, which is at present the only port used for imports to the Serb-Croat-Slovene State is obstructed on account of its small size and the large quantities of goods which have arrived. Consequently, the provisioning of the kingdom has been rendered very difficult at a time when the country is in the greatest need of imported goods.

With a view to facilitating the import of the provisions necessary to the country the Delegation of the Kingdom of the Serbs, Croats and Slovenes has the honour to request the Peace Conference to be so good as to give orders that import for the Serb-Croat-Slovene Kingdom should also be authorised through the port of Fiume.

Accept &c.

(For the Delegation of the Serbs, Croats, and Slovenes),

NIK. P. PACHITCH

Appendix 236

*Analyses of Contributions of the Various Countries Towards Relief
From 1st December, 1918, to 31st May, 1919*

MR. HERBERT HOOVER,

Director-General of Relief.

At your request I have formulated the following analyses of the respective contributions of the various countries towards relief during the period from the 1st December, 1918, to the 31st May, 1919.

The first three tables give respectively summaries of:—

Total delivered by each country (Table I).

Proportion furnished on credit and for cash (Table II).

Origin of the tonnage (Table III).

The detailed tables give the deliveries to each of the relief countries during this period by:—

United States (Table IV).

United Kingdom (Table V).

France (Table VI).

Italy (Table VII).

Joint Allied Finance (Table VIII).
All other countries (Table IX).

FRANK M. SURFACE
*Chief, Statistical Division,
American Relief Administration.*

TABLE I

TOTAL DELIVERED DECEMBER 1, 1918, TO MAY 31, 1919

Delivered by	Total Tonnage	Estimated Value
United States	2,053,485	Dollars. 529,550,763
United Kingdom	238,832	49,190,157
France	12,842	2,402,500
Italy	325	.72,000
Financed jointly by United States, Italy, France, and England	228,535	59,362,575
Other Countries	85,792	16,950,430
Total	2,619,811	656,528,425

TABLE II

Of the above values approximately the following proportions have been furnished on credits and for cash (or in exchange for goods):—

Supplies furnished by	Paid for in Cash	Financed on Credit	Percentage		Percentage of Total	
			Cash	Credit	Cash	Credit
United States	Dollars. 118,161,548	Dollars. 411,389,215	22.3	77.7	18.0	62.7
United Kingdom	32,140,569	16,049,588	66.7	33.3	4.9	2.4
France	1,600,500	802,000	66.6	33.4	.2	.1
Italy	72,000	—	100.0	—	.01	—
Financed jointly by United States, Italy, France, and England	—	59,362,575	100.0	—	—	9.0
Other Countries	16,950,430	—	100.0	—	2.6	—
Total	168,925,047	487,603,378	25.7	74.2	25.7	74.2

TABLE III

The shipping for the above 2,619,811 tons of relief supplies has been furnished by the several countries in approximately the following proportion:—

Shipping furnished by	Total Tons	Percentage of Total
United States	1,451,034	55.4
United Kingdom	439,107	16.7
France	12,842	0.5
Italy	113,486	4.3
Ex-enemy Tonnage	38,908	1.5
Other Countries	185,539	7.1
Unknown	378,895	14.5
Total	2,619,811	100.0

TABLE IV

TOTAL RELIEF DELIVERIES BY UNITED STATES OF AMERICA, DECEMBER 1, 1918, TO
MAY 31, 1919
(Metric Tons.)

	Bread-stuffs	Rice	Beans and Peas	Meat Products	Condensed Milk	Clothing	Miscellaneous	Total	Estimated Value	
Finland	87,523	85	324	1,963	210	171	90,276	16,384,635	Dollars.	
Estonia	5,632	37	10	403	46	64	6,282	1,475,830		
Latvia	2,186	8	25	142	36	3	2,400	545,130		
Lithuania	2,040	8	8	12	60	17	2,137	438,440		
Russia	1,307	4,000	1,766	17,247	3,612	13,770	15,077	10,050,945		
Poland	146,116	28,913	27,899	40,822	7,370	93,918	271,065	94,624,647		
Germany	207,997	28,913	27,899	40,822	7,370	93,918	313,001	73,637,045		
Russian prisoners in Germany	379	—	—	—	—	49	428	60,965		
Denmark	10,030	—	—	—	—	—	10,030	1,354,050		
Holland	24,552	—	—	—	—	—	24,552	3,314,520		
Belgium	607,878	34,157	15,180	62,446	14,733	7,854	26,165	768,443	150,854,010	
Northern France	6,647	10,920	5,193	12,511	6,414	1,882	20,003	63,570	20,748,305	
Czecho-Slovakia	168,637	—	62	14,732	1,965	105	45,629	231,230	62,541,065	
German Austria	2,860	2,056	1,226	2,507	577	—	159	9,385	3,400,970	
Hungary	—	—	—	633	—	—	633	633	430,440	
Greater Serbia	42,659	27	512	2,703	416	1,413	11,004	58,734	32,503,516	
Italy	15,034	—	—	—	—	—	15,034	3,006,800		
Roumania	90,301	—	531	2,959	2,961	4,189	21,117	122,058	43,741,562	
Bulgaria	20,818	—	—	—	—	—	—	20,818	4,371,750	
Turkey	15,170	—	—	—	—	—	—	15,170	3,109,850	
Armenia	12,030	—	619	—	513	—	—	13,162	2,950,258	
Total	1,469,846	80,233	53,355	159,220	38,913	19,849	232,069	2,053,483	529,550,763	

TABLE V

TOTAL RELIEF DELIVERIES BY UNITED KINGDOM, DECEMBER 1, 1918, TO MAY 31, 1919
(Metric Tons.)

	Bread-stuffs	Rice	Beans and Peas	Meat Products	Condensed Milk	Clothing	Miscellaneous	Total	Estimated Value
Finland	—	750	420	—	40	—	2,257	3,487	766,100
Poland	2,845	—	1,327	107	—	—	844	5,123	970,655
Estonia	5,400	—	300	—	—	—	3,000	9,200	1,537,000
Czecho-Slovakia	1,623	20	—	5	20	—	—	1,668	326,505
Greater Serbia	14,544	—	3,788	270	375	—	1,318	20,295	3,713,680
Germany	49,332	—	268	24,026	7,531	—	115,566	147,123	31,374,469
Roumania	—	—	—	—	—	—	2,356	51,956	9,591,748
Total	73,744	770	6,603	24,408	7,966	—	125,341	238,832	48,190,157

TABLE VI

TOTAL RELIEF DELIVERIES BY FRANCE, DECEMBER 31, 1918, TO MAY 31, 1919
(Metric Tons.)

	Bread-stuffs	Rice	Beans and Peas	Meat Products	Condensed Milk	Clothing	Miscellaneous	Total	Estimated Value
Czecho-Slovakia	50	—	22	260	—	—	—	332	Dollars. 188,950
Russian prisoners in Germany	400	—	—	1,050	—	—	170	1,620	802,000
Germany	1,402	—	—	283	—	—	9,205	10,890	1,411,550
Total	1,852	—	22	1,593	—	—	9,375	12,842	2,402,500

TABLE VII

TOTAL RELIEF DELIVERIES BY ITALY, DECEMBER 1, 1918, TO MAY 31, 1919
(Metric Tons.)

	Bread-stuffs	Rice	Beans and Peas	Meat Products	Clothing	Miscellaneous	Total	Estimated Value
Czecho-Slovakia	225	100	...	...	...	...	325	Dollars. 72,000

TABLE VIII

TOTAL RELIEF DELIVERIES ON ACCOUNT OF JOINT ALLIED FINANCE, DECEMBER 1, 1918,
TO MAY 31, 1919
(Metric Tons.)

	Bread-stuffs	Rice	Beans and Peas	Meat Products	Condensed Milk	Clothing	Miscellaneous	Total	Estimated Value
To German Austria—									
By Italy	113,513	9,558	4,209	29,204	1,435	...	2,069	159,988	Dollars. 45,672,186
" France	21,669	...	...	...	...	...	...	21,669	4,008,780
" Great Britain	45,789	...	...	...	1,089	...	...	46,878	9,681,609
Total	180,971	9,558	4,209	29,204	2,524	...	2,069	228,535	59,362,575

TABLE IX

TOTAL RELIEF DELIVERIES BY ALL OTHER COUNTRIES, DECEMBER 1, 1918, TO
MAY 31, 1919
(Metric Tons.)

	Bread-stuffs	Rice	Beans and Peas	Meat Products	Condensed Milk	Clothing	Miscellaneous	Total	Estimated Value
Finland	4,442	...	...	...	...	...	...	4,442	Dollars. 599,670
Estonia	2,133	1,241	465	554	50	...	...	2,183	290,205
German Austria	12,471	1,241	465	554	473	...	59,293	74,497	14,562,905
Germany	160	...	...	680	23	...	863	488,600	
Czecho-Slovakia	30	...	...	520	...	...	3,257	3,807	1,009,050
Total	19,236	1,241	465	1,754	523	...	62,573	85,792	16,950,430

Appendix 237

Letter From the [German-Austrian Delegation to the Chairman of the Supreme Economic Council, Paris

SAINT-GERMAIN-EN-LAYE, July 9, 1919.

SIR: The enclosed bills¹ concerning the securities for the credits for provisions were passed by the German-Austrian National Assem-

¹ Bills not attached to file copy of minutes.

bly on the 8th July. They will immediately be executed; the foreign securities and gold coins of private individuals will be requisitioned, and the list of the requisitioned values will be submitted as soon as possible to the Supreme Economic Council. The proceeds of the exportation of timber will be delivered to the Central Office for the Supervision of Exchange ("Devisenzentrale") and will by the latter be forwarded to whatever place shall be indicated to us.

Since, in conformity with the request of the Supreme Economic Council, we have put at the disposal of the latter all foreign securities in the inland as well as in neutral countries, while our foreign securities available in the Allied and Associated States are under sequestration, we are at present totally unable to procure for ourselves in good time, from another source, credits for the purchase of foodstuffs. The credits granted us by the Supreme Economic Council are being quickly exhausted. Even at the present moment we only obtain grain and flour, while the provisioning with meat, fats, rice and condensed milk has ceased. Our alimentation position has therefore become considerably worse again, and is already now very critical. In the month of August the credits for grain and flour will also be exhausted. If in consequence the imports should cease, a large portion of our population, especially the population of Vienna and the Industrial centres, would be exposed to starvation. The new crop can only cover one fourth of our requirements; moreover, since with us small holdings prevail, it will only be available in the course of a few months. Even with the greatest efforts it will not be possible to raise in the inland even the small rations on which the population of Vienna is living at present. We further absolutely need meat, fats, rice and condensed milk from abroad. If the supplies on the part of the Allied Great Powers cease, the famine, which for a time was mitigated by these supplies, would fall upon us again with full vigour, and it would be impossible to maintain social order.

That we cannot, in spite of all our efforts, hope to get regular supplies from the other States emerged from the former Monarchy, the Delegates of the Inter-Allied Commission, who have assisted us in a very much appreciated way, will confirm.

Since we have put at the disposal of the Supreme Economic Council all the realisable assets, we are obliged to make the urgent appeal that further credits be provisionally granted us, at least for the months of August and September. By that time we shall have carried through the demanded requisitioning of foreign values, which proceeding we will expedite with the greatest speed, and the Supreme Economic Council will be in a position to judge what credits it can grant us for the bonds given by us or what bonds it can release for our use elsewhere.

As the Supreme Economic Council is well aware, we are up to that time unable to help ourselves. The moment in which the credits granted us will be entirely exhausted is already in dismal proximity. The suspension of the food supply would lead to a catastrophe and would destroy all the effects of the relief action of the Supreme Economic Council. We therefore beg the Supreme Economic Council once more, to be kind enough to take immediate steps that the food supply be for the present continued.

Awaiting your favourable reply &c.

RENNER

Appendix 238

Letter of the Director-General of Relief Respecting the Allied Economic Policy in Hungary

HON. ROBERT LANSING

PARIS, July 1, 1919.

Secretary of State,

Hotel Crillon, Paris.

MY DEAR MR. SECRETARY: At the meeting of the Supreme Economic Council yesterday I was requested to lay before the Council of the Heads of States the pressing economic situation in South-Eastern Europe which arises out of the political situation in Hungary. Due to the special geographical and economic position of the territory now held by Bela Kuhn's Government, the whole economic destiny of the surrounding States is almost absolutely in his hands, and it is therefore impossible to re-establish economic life or public order until this situation is dealt with.

With the coming arrival of Peace in the surrounding States and of the harvests, it is critical that some solution should be found at once or there can be no economic rehabilitation upon which Peace can be maintained. Furthermore, unless the various international traffic can be established across Hungary, it is hopeless to expect the surrounding territories to provide themselves with food or employ their people, thus necessitating continued charitable relief and outside financial support. I have had the advantage of conference with not only the American representatives throughout the old Austrian Empire, the visit of Colonel Logan, who is the chief of our staff to that territory, but with conferences with the Allied officials who are on the many economic missions which were maintained in this area. I have asked Colonel Logan to formulate a memorandum as to the facts as believed by these representatives with regard to Bela Kuhn, and to also formulate some suggestions made by the American representatives on the Danube River Commission as a possible solution. These memoranda are forwarded herewith.⁸

⁸ The memoranda are not attached to the file copy of the minutes.

There appear to be four alternative courses open:—

1. A military occupation of Budapest under the control of the principal Allies and the expulsion of Bela Kuhn's Government. If this course were adopted it should be done with a declaration that a freely elected National Assembly would be called at once to elect a Government and to sign Peace.

2. To continue refusal to recognise Bela Kuhn's Government, but to open economic negotiations through the informal commissions, preferably the Danube River Commission, and possibly also the Railways Mission, which we have installed in the old Austrian Empire, and as result of so doing to abandon the blockade, but not formally to recognise the Bela Kuhn Government.

3. To undertake a middle course, such as outlined in the attached memorandum, of opening the country by economic agreement with Bela Kuhn, and at the same time policing it with troops under Allied direction to see that order was maintained and agreements carried out.

4. To present the Peace Terms to Bela Kuhn, thus recognising fully and trusting him not to disturb the world outside of Hungary.

Some definite policy is critically necessary if the disorganisation of German Austria is to be prevented, and if the economic collapse of the surrounding States is to be prevented.

HERBERT HOOVER

Appendix 239

Report From Sub-Committee Regarding Economic Policy in Russia

With reference to Minute 244 of the Supreme Economic Council, the Sub-Committee on Russia presents the following report:—

1. The Committee considers that any discussion of the ultimate economic rehabilitation of Russia is at present purely academic.

2. The Committee considers that economic assistance should at once be given to those areas of Russia now under the jurisdiction of the so-called "Provisional Government of Russia," in conformity with the terms of the telegrams exchanged by the Council of Four and Admiral Koltchak.^{*}

3. This assistance should take the form of credits from the various Allied Governments, to be expended in purchase and transportation of commodities from the countries furnishing such credits.

4. The nature of these credits and the commodities to be supplied and their distribution should be determined by a Commission organised for this purpose from the countries supplying the credits and the goods. The commodities to be furnished should be of such character as are necessary to rehabilitate transportation and the produc-

* See appendix I to CF-37, appendix II to CF-60, and appendix I to CF-62, vol. vi, pp. 73, 321, and 356.

tion of manufactures. Their distribution should be organised in such a manner as to reconstitute commercial life.

5. It appears to the Committee that credits to the amount of 50,000,000L would cover the amount of commodities (exclusive of arms and munitions) that could advantageously be supplied and used within a period of twelve months. The following is a rough estimate of what might be supplied:—

5,000,000L to 10,000,000L of manufactured goods.

5,000,000L of food.

1,000 locomotives.

10,000 to 15,000 railway wagons.

An adequate supply of rails and spare parts.

LOUCHEUR
HOOVER
BARRIE
DELLA TORRETTA
DE LESCAILLE

JULY 9, 1919.

Appendix 240

Memorandum by the Director-General of Relief on the Economic Situation of Europe

The economic difficulties of Europe as a whole at the signature of Peace may be almost summarised in the phrase "demoralised productivity." The production of necessities for this 450,000,000 population (including Russia) has never been at so low an ebb as at this day.

A summary of the unemployment bureaux in Europe will show that 15,000,000 families are receiving unemployment allowances in one form or another, and are, in the main, being paid by constant inflation of currency. A rough estimate would indicate that the population of Europe is at least 100,000,000 greater than can be supported without imports, and must live by the production and distribution of exports, and their situation is aggravated not only by lack of raw materials imports, but by low production of European raw materials. Due to the same low production, Europe is to-day importing vast quantities of certain commodities which she formerly produced for herself and can again produce. Generally, not only in [is] production far below even the level of the time of the signing of the Armistice, but far below the maintenance of life and health without unparalleled rate of import.

Even prior to the war these populations managed to produce from year to year but a trifling margin of commodities over necessary consumption or to exchange for deficient commodities from abroad.

It is true that in pre-war times Europe managed to maintain armies and navies, together with a comparatively small class of non-producers, and to gain slowly in physical improvements and investments abroad, but these luxuries and accumulations were only at the cost of a dangerously low standard of living to a very large number. The productivity of Europe in pre-war times had behind it the intensive stimulus of individualism and of a high state of economic discipline, and the density of population at all times responded closely to the resulting volume of production. During the war the intensive organisation of economy in consumption, the patriotic stimulus to exertion, and the addition of women to productive labour largely balanced the diversion of man power to war and munitions. These impulses have been lost.

II

It is not necessary to review at length the causes of this decrease of productivity. They comprise in the main as follows:—

The industrial and commercial demoralisation arising originally out of the war but continued out of the struggle for political rearrangements during the Armistice, the creation of new Governments, the inexperience and friction between these Governments in the readjustment of economic relations.

The proper and insistent demand of labour for higher standards of living and a voice in administration of their effort has, unfortunately, become impregnated with the theory that the limitation of effort below physical necessity will increase the total employment or improve their condition.

There is a great relaxation of effort as the reflex of physical exhaustion of large sections of the population from privation, mental and physical strain of the war.

To a minor degree, considering the whole volume, there has been a destruction of equipment and tools and loss of organisation and skill due to war diversions with a loss of man power. This latter is not at present pertinent in the face of present unemployment.

(The demoralisation in production of coal in Europe to-day is an example in point of all these three forces mentioned above, and promises a coal famine, and with industrial disaster, unless remedied. It is due to a small percentage from the destruction of man power or the physical limitation of coal mines or their equipment. It is due in the largest degree to the human factor of the limitation of effort.)

The continuation of the blockade after the Armistice has undoubtedly destroyed enterprise even in open countries, and, of course, prevented any recovery in enemy countries. The shortage in overseas transportation and the result of uncertainties of the Armistice upon international credits have checked the flow of raw materials and pre-

vented recovery in the production of commodities especially needed for exchange for imports from overseas. The result of this delay has been unemployment, stagnation, absorption of capital in consumable commodities to some extent all over Europe.

From all these causes, accumulated to different intensity in different localities, there is the essential fact that unless productivity can be rapidly increased, there can be nothing but political, moral, and economic chaos, finally interpreting itself in loss of life on a scale hitherto undreamed of.

III

Coincident with this demoralisation in production, other disastrous economic phenomena have developed themselves, the principal one of which is that the very large wage paid special workers and the large sums accumulated by speculation and manufacture during the war have raised the standard of living in many individuals from the level of mere necessities to a high level of luxuries. Beyond this class there is a reflex in many other classes from the strenuous economies against waste and the consumption of non-essentials in all countries, and, as a result, there is to-day an outbreak of extravagance to a disheartening degree.

Another economic change of favourable nature from a human point of view, but intensifying the problems of the moment, has been the rise in the standard of living in large sections of the working classes through the larger and better wage distribution, separation allowances, &c., during the war. Parallel with these classes are those of fixed income, the unorganised workers, the unemployed to whom the rising cost of living is inflicting the greatest hardship.

IV

During some short period, it may be possible for the Western Hemisphere, which has retained and even increased its productivity, to supply the deficiencies of Europe. Such deficiencies would have to be supplied in large degree upon credits; but, aside from this, the entire surplus productivity of the Western Hemisphere is totally incapable of meeting the present deficiency in European production if it is long continued. Nor, as a practical fact, could credits be mobilised for this purpose for more than a short period, because all credits must necessarily be simply an advance against the return of commodities in exchange, and credits will break down the instant that the return of commodities becomes improbable. Further, if such credits be obtained in more than temporary purposes, it would result in economic slavery of Europe to the Western Hemisphere, and the ultimate end would be war again.

The solution, therefore, of the problem, except in purely temporary aspects, does not lie in a stream of commodities on credit from the Western Hemisphere, but lies in a vigorous realisation of the actual situation in each country of Europe and a resolute statesmanship based on such a realisation. The populations of Europe must be brought to a realisation that productivity must be instantly increased.

V

The outcome of social ferment and class consciousness is the most difficult of problems to solve. Growing out of the yearning for relief from the misery imposed by the war, and out of the sharp contrasts in degree of class suffering, especially in defeated countries, the demand for economic change in the status of labour has received a great stimulus, leading to violence and revolution in large areas, and a great impulse to radicalism in all others. In the main, these movements have not infected the agricultural classes, but are essentially a town phenomena.

In this ferment, Socialism and Communism has embraced to itself the claim to speak for all the downtrodden, to alone bespeak human sympathy, and to alone present remedies, to be the lone voice of liberalism. Every economic patent medicine has flocked under this banner. Europe is full of noisy denunciation of private property as necessarily being exploitation. Considerable reliance upon some degree of Communism has been embraced by industrial labour even in non-revolutionary countries. Its extremists are loud in assertion that production can be maintained by the impulse of altruism alone, instead of self-interest. Too often they are embracing criminal support and criminal methods to enforce their ideals of human betterment. Every country is engaged in political experimentation with varying degrees of these hypotheses, and so far every trial has reduced production. The Western Hemisphere, with its more equitable division of property, its wider equality of opportunity, still believes that productivity rests on the stimulus from all the immutable human qualities of selfishness, self-interest, altruism, intelligence, and education. It still believes that the remedy of economic wrong lies, not in tampering with the delicate and highly developed organisation of production and distribution, but in a better division of the profits arising from them. It still believes in the constitutional solution of these problems by the will of the majority, while Europe is drifting toward the domination of extremist minorities. The Western Hemisphere's productivity is being maintained at a surplus over its own needs.

The first and cardinal effort of European statesmanship must be to secure the materials and tools to labour, and to secure its return to work. They must also secure a recognition of the fact that, what-

ever the economic theory or political cry, it must embrace the maximum individual effort, for there is no margin of surplus productivity in Europe to risk revolutionary experimentation. No economic policy will bring food to those stomachs or fuel to those hearths that does not secure the maximum production. There is no use of tears over rising prices: they are, to a great degree, a visualisation of insufficient production.

VI

During the period of reconstruction and recovery from reduced productivity, the conservation in the consumption of non-essential commodities is more critical than any time during the war. The relaxation of restriction on imports and on consumption of articles of this character since the Armistice is disheartening in outlook. It finds its indication in the increased consumption of beverages and articles de luxe in many countries, even above a pre-war normal. Never has there been such a necessity for the curtailment of luxury as exists to-day.

VII

The universal practice in all the countries at war of raising funds by inflation of currency is now bringing home its burden of trouble, and in extreme cases the most resolute action must be taken, and at once. In other countries of even the lesser degree of inflation, such currency must be reduced and included in the funded debt, or alternately the price of wages, living, and international exchange must be expected to adjust itself to this depression. The outcry against the high cost of living, the constant increase of wages, and the fall in exchange that is going on, is, in a considerable degree, due to this inevitable readjustment.

VIII

The stimulation of production lies in the path of avoidance of all limitations of the reward to the actual producer. In other words, attempts to control prices (otherwise than in the sense of control of vicious speculation) is the negation of stimulation to production, and can only result in further curtailment of the total of commodities available for the total number of human beings to be fed, clothed, and housed. There still exist in Europe great bureaucracies created from the necessity of control of price and distribution by the conditions of the war who are loath to recognise that with world markets open no such acute situation exists, and that their continued existence is not essential except in the control of speculation. The argument so much advanced that world shortage may develop and justifies continued

control of distribution and price is based upon the fallacious assumption that even if the world markets are freed of restraint that there is a shortage to-day in any commodity so profound as to endanger health and life. From any present evidence, thanks to the high production outside Europe, no shortage exists that will not find its quick remedy in diminished consumption or substitution of other commodities through minor alteration and price. All attempts at international control of price, with view to benefiting the population in Europe at the cost of the producer elsewhere, will inevitably produce retrogression in production abroad, the impact of which will be felt in Europe more than elsewhere. A decrease of 20 per cent. of Western Hemisphere wheat would not starve the West; it would starve Europe. It must never be overlooked that control of price and distribution cannot stop with a few prime commodities, but, once started, its repercussions drive into a succeeding chain of commodities, and that on the downward road of price control there can be no stoppage until all commodities have been placed under restriction, with inevitable stifling of the total production. It is also often overlooked by the advocates of price control that, whereas the high level of production was maintained during the war even under a restraint of price, this high production was obtained by the most vivid appeal to patriotic impulse on both sides of the front. This stimulus to production and distribution no longer maintains, and the world must go back to the prime impulse, and that is the reward to the individual producer and distributor.

That body of advocates who have deduced from war phenomena that production and distribution can be increased and maintained by appealing to altruism as the equivalent of patriotism or self-interest, should observe the phenomena of Russia, where the greatest food exporting country is to-day starving.

IX

It must be evident that the production cannot increase if political incompetence continues in blockade, embargoes, censorship mobilisation, large armies, navies, and war.

X

There are certain foundations of industry in Europe that, no matter what the national or personal ownership or control may be, they yet partake of the nature of the public utilities in which other nations have a moral right. For instance, the discriminatory control of ships, railways, waterways, coal, and iron, in such a manner as to prevent the resumption of production by other States, will inevitably debar

economic recuperation and lead to local spats of economic chaos, with its ultimate infection abroad, to say nothing of the decrease in productivity. These misuses are already too evident.

XI

The question of assistance from the Western Hemisphere during a certain temporary period and the devotion of its limited surplus productivity to Europe is a matter of importance, and one that requires statesmanlike handling and vision. It is but a minor question compared to those stated above, and it is in a great degree dependent upon the proper solution of the factors already touched upon. It is a service that the Western Hemisphere must approach in a high sense of human duty and sympathy. This sense will, however, be best performed by the insistence that their aid would not be forthcoming to any country that did not resolutely set in order its internal, financial, and political situations, that did not devote itself to the increase of productivity, that did not curtail consumption of luxuries and the expenditure upon armament, and did not cease hostilities, and did not treat their neighbors fairly. If these conditions were complied with, it is the duty of the West to put forth every possible effort to tide Europe over this period of temporary economic difficulties. Without the fulfilment of these conditions the effort is hopeless. With Europe turned toward Peace, with her skill and labour aligned to overcome the terrible accumulation of difficulty, the economic burden upon the West should not last over a year, and can be carried and will be repaid. To effect these results the resources of the Western Hemisphere and here must be mobilised.

HERBERT HOOVER

JULY 3, 1919.

Appendix 241

Communication From the Representative of [Inter]National Red Cross [Committee] at Geneva [Regarding the] Typhus Epidemic in the South-Eastern Countries of Europe

Mr. Edward A. Frick, Delegate on the International Red Cross Committee, informed M. Seydoux, on the 9th July, that the International Committee has taken under its protection an office which was established at Vienna, and where the Delegates of the principal countries of the old Austro-Hungarian Empire interested, including Hungary and Poland, meet to deal with the campaign against typhus. It is essential to establish a sanitary cordon round the line Libau-Vilna-Rowno-Yassy and Galatz to prevent the disease spreading further West.

The States represented at Vienna are prepared to make a renewable advance in crowns; the advance made by each State can only be spent on the territory of that State. The International Committee ask if they could obtain, on the deposit of this advance in crowns which will amount to about 3 million of crowns, an advance in francs, pounds, dollars, &c.

Further, Mr. Sautter, of Geneva, is endeavouring to get a larger sum which could be deposited in Switzerland, in other coinage than crowns.

The International Committee of the Red Cross state that the French Under-Secretary of State has promised them surplus French sanitary stocks; further, the Red Cross League may have American and English material which it is proposed should be forwarded to the International Committee.

It was remarked to Mr. Frick how difficult it would be in the actual state of affairs to obtain from the Associated Governments an advance on crowns; they insisted on the interest there would be if the International Committee appealed to individuals to assist, especially those possessing funds other than in crowns, and who could procure, for example, Swiss francs at Geneva.

There would then be no financial difficulty. Mr. Frick said that was the object Mr. Sautter had in mind.

Mr. Frick requests that the matter should be placed before the Supreme Economic Council on behalf of the International Committee of the Red Cross.

JULY 9, 1919.

Supreme Economic Council: Twenty-seventh Meeting Held at the Ministry of Commerce [on 17th July, 1919, at 2: 30 p. m.]

The Supreme Economic Council held its Twenty-seventh Meeting on Thursday, the 17th of July, 1919, at 2: 30 p. m. under the Chairmanship of Mr. Hoover. The Associated Governments were represented as follows:—

AMERICA, UNITED STATES OF	Dr. Taylor. Mr. Dulles.
BRITISH EMPIRE	Mr. Wise. Mr. Waley.
FRANCE	M. Clémentel. M. Claveille. M. Celier. M. Seydoux.
ITALY	Signor Crespi.
BELGIUM	Major Bemelmans.

261.

The Minutes of the Twenty-sixth meeting were approved.

262. Shipments From German Austria to Serbia.

A cable from the Chief of the American Relief Mission at Vienna to the Director-General of Relief, dated the 14th July (242), reporting that the Italian Military Mission at Vienna were insisting on specific permission for each shipment of steel and other bridge materials from German Austria to Serbia, and requesting that general authority might be given for the passage of these goods when in exchange for foodstuffs, was submitted.

The Italian Delegates pointed out that Italy has a certain responsibility with reference to the materials of war to be divided between the Allied Governments under the terms of the Armistice agreement, and submitted that definite arrangements should be made to carry this division into effect.

They added that, until such action had been taken, it was impossible for the Italian Government to agree to the removal of all control on the passage from German Austria of such materials as those referred to above, although they did not propose actually to suggest that the shipments should cease.

The Italian Government undertook that immediate steps should be taken to ensure that the shipment to Serbia of the bridge materials

in question should be allowed to proceed and facilitated to the utmost.

It was agreed that the question of the partition of materials of war in German Austria should be referred for consideration as an emergency matter to the Commission formulating the terms of the Austrian Reparation Clauses.

263. Use of Ex-Enemy Tonnage.

Memorandum from the Freight Committee of the Food Section (243) was submitted regarding:—

(a) The provision of 34,000 tons of German tonnage for the shipment of wheat purchased by the German Government in the Argentine, to arrive in September or early October.

(b) The provision of tonnage to lift 30,000 tons of wheat from the Argentine to German Austria for loading during the last half of July or early August.

The Chairman stated that, subject to ratification by the United States Shipping Board, the American Delegation would agree to waive their right to replacement by ex-enemy tonnage of tonnage used for the transport of American supplies to various relief centres, upon the condition that the Supreme Economic Council would accept the above proposals.

The Belgian Delegates referred to the question of using Antwerp as a port of discharge for supplies purchased by the German Government in the Argentine (see Minute 246 (i)), and a note from the Freight Section (244), recording the action taken regarding this matter, was noted.

The Belgian Delegates pointed out that a large proportion of the cereals from Argentine to Germany had, previously to the war, passed through the port of Antwerp, and requested that definite instructions might be issued to the effect that the immediate re-establishment of this traffic through Antwerp, at least up to the pre-war amount, might be effected, within the limits of the supplies available.

It was agreed:—

(a) That authority should be given for the allocation of 34,000 tons of German tonnage for the transport to Germany of cereals purchased in the Argentine, and making arrival in September or early October.

(b) That it should be made a condition of this allocation of tonnage for transport of supplies to Germany that as large a quantity as possible of the total supplies shipped from the Argentine to Germany, at least up to the pre-war proportions, as between Antwerp and Rotterdam, should be discharged through the port of Antwerp.

(c) That the supply of ex-enemy tonnage making July/August loading and required to lift 30,000 tons of wheat from the Argentine to German Austria should be sanctioned.

(d) That freight rates based on Blue Book rates should apply as regards all tonnage carrying foodstuffs to German Austria as well as Germany.

With reference to the report from the Freight Committee regarding the surplus German tonnage on charter to the United States Food Administration and lying in the United States ports, the Chairman reported that only three or four boats remained, and arrangements were being made, if possible, to cancel the charters, in which case the boats would be handed back to the Allied Maritime Transport Executive for re-allocation.

264. Russian Prisoners in Germany.

A memorandum, dated the 15th July (245), submitted to Council of Heads of Delegations¹ by the Director-General of Relief, regarding the arrangements to be made for the immediate support and subsequent repatriation of Russian prisoners in Germany, was submitted for the information of and consideration by the Council.

It was agreed to recommend to the Council of Heads of Delegations that all responsibility for the revictualling and support of these prisoners until they are repatriated should devolve upon the Military authorities of the Principal Allied and Associated Powers, and to urge the necessity of an immediate definition of policy, in view of the pressing nature of the problem.

265. Finance of Austrian Food Supplies.

With reference to Minute 256, the letter regarding the provision of further food supplies to German Austria, sent by the Director-General of Relief to the Council of Heads of Delegations² (246), in accordance with the decision reached by the Supreme Economic Council, was submitted for information.

266. Re-Establishment of Postal Communications With Germany.

The British Delegates reported receipt of a letter from the British Foreign Office, dated the 11th July (247), enquiring as to the policy of the Supreme Economic Council regarding the reopening of a mail service to occupied and unoccupied Germany, was considered.

It was agreed:—

(a) That a Sub-Committee, composed of the following members:—

United States of America	Commander Baker,
British Empire	General Mance,
France	M. Seydoux,
Italy	Commendatore Sinigaglia, Commendatore Fiori,
Belgium	M. le Comte de Laubespain,

¹ See HD-11, minute 6, vol. vii, p. 208.
See HD-9, minute 2, *ibid.*, p. 173.

with power to act, should be formed to make arrangements for the reopening of the service. In the event of any difficulty arising, the matter would be referred back to the Council.^{2a}

(b) That the first meeting of the Committee should be held on Friday, the 18th July, at 10:30 a. m., at 27, Rue de Constantine.

267. Interchange of Goods Between the Countries of Central Europe.

A cable from the Allied Railway and Food Missions at Warsaw, dated the 13th July (248), regarding the resumption and regulation of the interchange of goods, such as potatoes and coal, between Poland on the one hand and Germany, German Austria and Czechoslovakia on the other hand, was reported.

It was agreed:—

(a) That the proposals made by the Allied Railway and Food Missions should be submitted to the Council of Heads of Delegations for their approval.

(b) That, if they so desired, the Italian Government should be at liberty to appoint a representative on the Commissions to be formed at the places of transit, with a view to supervising the carrying out of the regulations in connection with the passage of the goods.

268. Passage of Foodstuffs to Armenia.

A Memorandum (249), prepared by the Director-General of Relief, and submitted to the Council of Heads of Delegations,³ regarding the stoppage by the Georgian authorities of foodstuffs intended by the Allied and Associated Governments for the relief of Russian Armenia, was submitted for the information of the Council.

Appendix 242

Shipments From German Austria to Serbia

Following telegram sent to Mr. Hoover by Captain Gregory, Chief of the American Mission, at Vienna.

"Vienna, July 14, 1919.

Hoover

Paris.

Italian military mission here is insisting on necessity of specific permission granted by it for each shipment steel and bridge materials shipped by Austrians to Serb Kingdom. This material shipped as compensation for foodstuffs and delays occasioned by Italian attitude are irritating Serbs who though [sic] cut off food shipments from Banat. Will you please have a resolution passed at next meet-

^{2a} For discussion by the Heads of Delegations of recommendations of the special committee, see HD-16, minute 4, and HD-18, minute 3, vol. vii, pp. 345 and 370.

³ See HD-11, minute 7, *ibid.*, p. 210.

ing Supreme Economic Council covering these shipments in block as Italian Mission here claims to act in this matter under authority Supreme Economic Council.

Gregory"

Appendix 243*

(1) *Memorandum From the Freight Committee Regarding Tonnage for German Purchases in the Argentine*

The following cable has been received from W. H. Muller & Co., The Hague:—

"Please inform Captain Elliot over and above hundred and thirty five thousand tons we have further engagement with German buyers, and they inform us that they will receive total two hundred and fifty thousand tons freight by Economic Council. We shall be obliged if Captain Elliot could confirm this, and when he will request Charter Parties to be signed."

The figure of 250,000 tons, no doubt, arises from the fact that some months ago the Germans were informed by the Paris Finance Committee, that it was estimated that there would be 250,000 tons of German tonnage to make June/July's loading in the Argentine.

The Freight Committee understand from the A. M. T. E. that Germany is entitled only to use of German tonnage making arrival in Germany by the 31st August.

The actual amount of German tonnage which on present estimation has loaded, or will load, in the Argentine to make arrival in Europe by about the 31st August, is about 230,000 tons deadweight.

Of the tonnage composing this figure 70,000 tons have been loaded by the Wheat Executive for Allied destinations, owing to the fact that the Compañía Mercantil stopped loading after completing the first four vessels allocated to them against their sales to Germany, on the ground that they had not been able to get the necessary cover from the Germans to enable them to sign the charters.

The German tonnage, therefore, available for Germany is reduced to 160,000.

The original purchases notified by Messrs. Muller amounted to 135,000 tons wheat and 20,000 linseed, and a further purchase of 50,000 tons has recently been concluded, making the total purchases by Germany 205,000 tons cargo, or, say, 228,000 deadweight.

Against these purchases the Freight Committee have allocated 194,000 tons of tonnage, including 32,000 tons of French managed Austrian tonnage.

* Appendixes 243 to 249 are filed separately under Paris Peace Conf. 180.0501/35.

It appears not unreasonable that the Germans should have the use of 228,000 deadweight tonnage in all having regard to the fact that the loss to the Germans of the 70,000 tons above referred to was primarily due to the fact that the Germans were asked to convert their f. o. b. contract with the mercantile into a c. i. f. contract in order to simplify the collection of freight.

This will involve giving the Germans a further 34,000 tons of German tonnage making arrival in September or early October.

The Freight Committee desire a decision of the Supreme Economic Council as to whether this tonnage should be allocated to Germany, and whether rates based on British Blue Book rates should apply. The A. M. T. E. raises no objection, provided that the names of the vessels to make up the figure of 34,000 tons are submitted to the A. M. T. E. for approval.

(2) *Supplies for German Austria Arriving After End of Cereal Year*

The Freight Committee have considered the question of the proposed supply of tonnage to lift 30,000 tons Wheat from the Argentine to German Austria last half July/August loading.

Assuming that enemy tonnage is to be utilised for Germany in accordance with the programme set out in (1) above the following enemy tonnage is in position to meet the requirements of Austria:—

July loading—

Italian managed (Austrian), *Epidaure, Laguna,*

French managed (Austrian), *Buda,*

August loading—

Italian managed (Austrian), *Maria Immacolata.*

with a later August German vessel to be arranged.

The Italian Delegate has, however, pointed out that no relief programme has been sanctioned by the Supreme Economic Council in respect of arrivals after the end of the current cereal year, and that the Italian position does not permit of Italy surrendering tonnage which might otherwise be available for the carrying of foodstuffs to Italy. Further, in view of the falling off of cereal arrivals in Italy during August, the Italian Delegate has asked that Great Britain should waive in favour of Italy her claim for replacement of tonnage used by Great Britain in sending supplies for Germany, which is being met in part by allocating to Great Britain some of the cargoes shipped by the Wheat Executive from the Argentine in German tonnage.

The view of the Freight Committee is that in the event of the Supreme Economic Council deciding that this claim of Austria ought

to be met, it should be possible to arrange tonnage as above if it is found practicable to improve August arrivals in Italy by the allocation to Italy of some surplus German tonnage.

In this connection the attention of the Freight Committee has been drawn to the fact that according to the statement of the American Food Administration, dated the 5th of July, a block of German tonnage amounting to 137,000 tons now on charter to the United States Food Administration has arrived in United States ports for nearly a month.

No claims on this tonnage by Germany has been received by the Freight Committee.

If this tonnage is not required for Germany, and, if the United States do not propose to load this tonnage for relief purposes, it is anticipated that it may be possible to arrange with the Shipping authorities to improve the Italian August position, and so enable Italian managed vessels in the Argentine to be put into the Austrian programme.

On the question of the rates to be charged to Austria the following minute has been received from the Finance Committee of the A. M. T. E. to whom the A. M. T. E. has referred this point.

"The Committee were of opinion that there was no obligation to allow the Austrian Government any special consideration as regard the rates of freight to be charged, and therefore freight rates on a commercial basis should be fixed. It was, however, decided to obtain the sanction of the Supreme Economic Council before enforcing this decision, in case it might be desired to allow some consideration in view of the difficult position of German Austria."

"The Italian representative stated, however, that recent commercial rates to Rotterdam were higher than those to Genoa, and therefore he thought it should be considered whether it would not be more economical to import this wheat through Trieste. The Committee thought that this point ought to receive careful consideration, in view of the much greater distance by land from Rotterdam to Austria. The Committee decided to recommend to the Supreme Economic Council that this should be allowed."

The Freight Committee therefore desire that the Supreme Economic Council should be asked to decide:—

1. Whether the Austrian request for 30,000 tons of tonnage should be met out of enemy tonnage although the supplies will not arrive until after the end of the cereal year.
2. Whether Austria should be given the advantage of rates based on British Blue Book rates, and
3. Whether the German tonnage now in United States Ports is required for Germany for Relief purposes.

Appendix 244

Minute from Freight Committee [Regarding] Use of Antwerp as a Port of Discharge for German Food Supplies

With reference to the second paragraph of the letter from the Allied Maritime Transport Executive (90) regarding the request of the Belgian Government for the selection of Antwerp as a port of discharge for Government vessels carrying mercantile wheat from the Plate for Germany, it was agreed that the Freight Committee had no authority over the ports of discharge, this being entirely a matter for the charterers, Messrs. Muller & Co., to arrange.

It was decided to ask Messrs. Muller & Co., to consider sympathetically the request of the Belgian Government and to endeavour to arrange for some of the vessels to be chartered by them to discharge at Antwerp, the option for which was given in the Charter parties.

Appendix 245

Memorandum Submitted [by the Director General of Relief (Hoover)] to Council of Heads of Delegations Regarding Russian Prisoners in Germany

It will be recollected that the Allied Governments made certain agreements with the Germans for the retention of Russian prisoners in Germany, and made undertakings for the support of these prisoners by the Allied Governments. Their food supply and support has been carried out through the French Government, the British Red Cross, the American Red Cross, with a personnel of some 800 Allied officers, doctors, &c., under the general direction of the Inter-Allied Military Mission at Berlin. The Supreme Economic Council was appealed to to arrange for such food supply, and the measures above recited were finally, to a considerable degree, instituted at the inspiration of that Council.

The British Red Cross have already notified of the withdrawal of their entire personnel on the 1st August. This will immediately leave some 35,000 of the prisoners without supervision. The American army will necessarily demobilise their entire personnel some time in the month of August. The Red Cross societies are withdrawing their financial support and the funds for the provision of food and clothing (except those provided by the French Government) are absolutely exhausted, and I understand that even these are about to be withdrawn. The Supreme Economic Council has no means by which any further provision can be made in this matter.

The retention of these prisoners was primarily a military measure instituted under the Allied Military authorities and it would appear to me must now become a proper concern of the various War Departments. There are apparently about 250,000 prisoners left, of whom it is desired to repatriate approximately 25,000 as recruits to the Russian Northern Army. Of the balance, some 40,000 should be repatriated to Southern Russia and the remainder to Central Russia. The prisoners are largely Bolshevik, which may have a political bearing on the destinations to which they are repatriated. In any event, it is necessary to provide at once some measure for food, clothing and personnel to supervise distribution pending repatriation, and beyond this it is necessary to immediately provide for their repatriation. This latter operation will require some months, but they must be repatriated before winter.

I understand the German authorities are demanding the immediate repatriation of these prisoners, as it requires a force of some 18,000 German troops to guard them. The prisoners themselves are demanding their repatriation. I understand that their boots and clothing are in such condition that they cannot be marched to any destination and, in any event, they would probably indulge in brigandage unless repatriated under military supervision.

The points therefore to be decided are:—

1. Are the prisoners to be repatriated at once?
2. Are they to be repatriated to the nearest Russian point through Poland?
3. Are they to be repatriated by sea to Black Sea ports?
4. If either of these alternatives, who is to pay for the cost thereof, and who is to undertake it?
5. Who is to furnish the food and personnel for their care in the meantime?

I would like to emphasise that the relief agencies under co-ordination through the Supreme Economic Council have now practically exhausted their resources and cannot take part in this matter, so that other arrangements must be set up at the earliest possible moment.

HERBERT HOOVER

JULY 15, 1919.

Appendix 246

[*Letter From the Director General of Relief (Hoover) Requiring Finance of Austrian Food Supplies*]

JULY 11, 1919.

MY DEAR MR. LANSING: As you are aware, we have been for many months providing large food supplies for the State of German Austria.

The financial cycle that we have set up between Allied and Associated Governments for this end will have exhausted itself by the end of August, with the provision of about 80,000,000 dollars of supplies. Austria must receive continuous relief in food thereafter, and it must also be provided with raw materials during the whole of next year. The conditions of the Treaty are such that the entire financial resources of Austria are placed at the disposal of the Reparations Commission. It is therefore utterly impossible to arrange any credits or finance to Austria except by the activities of this Commission.

It is also necessary to give some assurance to Austria, at the earliest moment, that further food is going to be provided, or that Government is likely to collapse before the Treaty can be signed. The Supreme Economic Council therefore yesterday directed me to lay before the Council of Five the suggestion that a communication should be given to the Austrian Delegates in Paris to somewhat the following effect:—

“In respect to the request laid before the Supreme Economic Council from the Austrian Delegates, that provision of further food supplies should be immediately undertaken by the Allied and Associated Governments, this request has been laid before the Council of Five, and the Council wishes to state that as food and raw materials for Austria during the forthcoming year are fundamental to her recuperation and her ability to make reparation, the method of provision of such food and raw material will be one of the first considerations of the Reparations Commission.”

For the information of the Council of Five I enclose herewith, first, a note from myself on the economic situation of Austria, and, second, copy of the communications to the Supreme Economic Council from the Austrian Delegates⁵ in respect to this matter.

Faithfully yours,

HERBERT HOOVER

[Enclosure]

AUSTRIA

It is obvious to the most superficial observer that the present economic resources of the State of German Austria are incapable of supporting the population of seven and one-half million people for at least another year. A large part of this population has for generations lived on the empire with its centralisation of political life, finance, economic, and educational institutions, and a population has been thereby created totally incapable of supporting itself when denuded of its hinterland. Its future lies not only in full production of such resources as exist, but also in the establishment of an economic equilibrium by migration. To restart the established industries involves

⁵ For text of the letter of July 9, 1919, from the Austrian delegation, see appendix 237, p. 458.

credits, reorganised currency, raw material, &c. The establishment of such equilibrium cannot take place for a year at least, and the very insistent fact stands out that to prevent sheer starvation the population will need to be fed and furnished with raw materials on credit continuously. The food production of this year's harvest in Austria would not, even if it could be uniformly distributed, last the population more than three months. As the peasant population will undoubtedly retain its twelve months' supply, it means that the probable food intake to the city populations from the State itself does not exceed six or eight weeks. With the completion of the present relief programme, at the 1st September, foodstuffs will have been furnished to Austria, since the Armistice, aggregating a total value of nearly 80,000,000 dollars. The programme for the next twelve months will cost probably 150,000,000 dollars, and even this would be insufficient to maintain order unless raw material can also be found and as much of the population as possible returned to production. Without this assistance the ultimate payment of reparation by Austria does not seem to be very probable.

It is necessary, therefore, to give some consideration at an early moment to the fate of these people, and if any reparation is to be expected their economic situation must be taken in hand at an early date with the hope that it can be ultimately built up to a point where their surplus production may yield something for indemnities. The economic rehabilitation of Austria cannot be effected without establishing equitable relationship between Austria and the surrounding States as to communications and customs union.

If this problem is to be accomplished, there must be some central authority whose position is such that it can enforce its economic will not only in Austria but in the surrounding States, and who can secure for Austria the necessary credits for raw material, food, &c. Under the terms of the Treaty, this authority not only exists in the Reparations Commission but it would be impossible for any form of organisation to operate outside of the Commission. It is therefore of acute importance that as quickly as the Austrian Treaty is signed the Reparations Commission should be set up, so that it may secure the initiation of the necessary measures.

The matter is one of extreme urgency, as all of the funds available for Austrian relief will have been expended by the 1st September, and there will scarcely be more than the sequent month to make arrangements for further supplies if collapse in this State is to be prevented.

HERBERT HOOVER

JULY 11, 1919.

Appendix 247

Re-establishment of Postal Communications With Germany

FOREIGN OFFICE, July 11, 1919.

The following despatch regarding the re-establishment of postal communications with Germany has been communicated to the British Delegates:—

“Sir: In connection with the issue on the 24th May last by the Board of Trade of a general licence to persons in this country to negotiate for the supply of foodstuffs to Germany, to carry or arrange for the carriage of such foodstuffs, and to take such action as may be necessary to secure payment for any such foodstuffs, the Postmaster-General has called my attention to the fact that, as a consequence of the issue of this licence, persons in this country will seek to communicate directly by letter with unoccupied as well as with occupied Germany, and that a demand will arise for direct parcel post facilities. The question (1) of the reopening of the mail service to the occupied territories of Germany and (2) whether such a service, if established, should include all kinds of postal packages, including sample packages and parcels, must therefore be considered. It is understood that such a service could be established at short notice if authorised.

“It would appear desirable that in this matter the Associated Governments should act in a similar manner and simultaneously, and I should therefore be glad if you would submit this matter at an early date to the Supreme Economic Council in order to obtain a general decision.

“I am, [etc.],

(For Earl Curzon of Kedleston)
Gerald Spicer.”

Appendix 248

Telegram Received From Colonel Wyndham, Warsaw

JULY 13, 1919.

Allied Railway and Food Missions to Supreme Economic Council.
Please convey what follows to German Government through Conference.

“As recently agreed between Poland on one hand, and Germany, German Austria and Czecho-Slovakia on the other hand, interchange of goods such as potatoes and coal must be resumed on and after the 20th July from these points: Hohensakza, Bromberg, Krcz, Bentschen, Lissa, Adelnau, Kempen.

“Allied Governments insist that German Government shall give an official undertaking not to incite or support any aggressive measure on the frontier or dividing lines between Germany and Poland, Posen included.

“On both sides of places above mentioned, for a space of 10 kilom., places of frontier guard (*Grenzschatz*) to be taken at once by same number of regular soldiers.

"Allies will place Commission of American, British, and French officers at said places of transit to supervise the carrying out of these regulations by both parties. Headquarters of Commission to be at Posen, attached to Allied Military Delegation. Commission to be made up at Bromberg of four officers, namely, two for Bromberg and two for Stentsch; for other points, one officer each.

"Whether German Government gives proper instructions or not, exchange of goods to commence on the 20th July in any case.

"Frontier guard to be replaced in shortest possible time.

"On the 12th July, Government decided to open frontier posts above mentioned, and requested that enough officers might be sent there to take notice of how many regular troops were sent in place of frontier guard."

Appendix 249

Memorandum [by the Director General of Relief (Hoover)] Submitted to Council of Heads of Delegations Regarding Interference by Georgian Republic With Foodstuffs Destined for Armenia

The Relief Administration, co-operating with the various Allied authorities, has been for months striving to meet the terrible situation of starvation in Russian Armenia. Some 50,000 tons of food have been provided and the only method of access to this area is over the railway from Batoum, and this railway is in the territory of the so-called Georgian Government. The railway is operating partially under the direction of the British military authorities, who have given every co-operation in the endeavour to move the supplies. However, the Georgian authorities have constantly interfered with the movement, have repeatedly demanded that they should be given a portion of the foodstuffs, and have latterly stopped the movement of the traffic four or five days at a time, despite the protests of all of the local Allied officials.

It is impossible to depict the situation in Armenia, for until the last sixty days the population has been eating the dead. During the last two months the movement of relief supplies has been sufficient to somewhat stem the tide, but there never has been ten days' supplies ahead of actual starvation. There is no acute necessity for foodstuffs in Georgia, although in an endeavour to secure some co-operation from the Georgian Government we have allowed ourselves to be blackmailed from time to time in the matter. I will not repeat the correspondence on the question between our officials and the Georgian Government. It is sufficient to say that their attitude has been entirely that of brigandage, against a population dying in their door. The last advices which we have indicate that these authorities have stopped our transport for a week at a time.

I quite realise that the situation is one beyond the strength of the Allied military forces at present in occupation in the Caucasus, but I am well aware of the aspirations of the Georgian authorities for consideration before the Supreme Council. I believe it might do some good if the Council could despatch a very strongly worded telegram to the Georgian authorities through their own representatives, and if the Georgian representatives in Paris were given information to the same import. My suggestion is that the telegram should be phrased in somewhat the following manner:—

“The Council has been made aware of the interference of the Georgian authorities with food supplies being sent into Armenia in an endeavour on the part of the Allied Governments to stem the tide of starvation and death amongst these unfortunate people. The Council cannot state in too strong terms that it will not tolerate such interference, and that the action taken hitherto by the Georgian authorities and the continuation of such action must entirely prejudice the case of the Georgian authorities, not only before this Council but before the court of public opinion of the world. The Council therefore expects that the authorities in Georgia shall not only give the privilege of transportation over the railway routes which they at present control, but will devote themselves to assisting in the transmission of these supplies without more than the normal charge and remuneration for such service. The Council awaits the reply of the authorities in Georgia as to whether or not they are prepared to acquiesce in this arrangement.”]

HERBERT HOOVER

JULY 16, 1919.

**Supreme Economic Council: Special [Twenty-eighth] Meeting
Held at the Ministry of Commerce [on 26th July, 1919, at 6
p. m.]**

The Supreme Economic Council held its Twenty-eighth Meeting on Saturday, 26th July, 1919 at 6 p. m. under the chairmanship of M. Clémentel.

The Associated Governments were represented as follows:—

UNITED KINGDOM.	Mr. Waley Mr. Gorvin Mr. Waterlow
UNITED STATES.	Mr. Hoover Mr. Dulles
FRANCE.	M. Jouasset (Representing M. Klotz)
ITALY.	S. E. Maggiorino Ferraris The Hon. Salvatore Orlando
BELGIUM.	Major Bemelmans.

269. Finance Section.

The Council considered a report (250) submitted by the Finance Section in accordance with the request of the Council at its 26th Meeting (Minute 251).

The American Delegates pointed out that the Committee for the Organisation of the Reparation Commission needed the assistance of the Finance Section and its technical organisation in the decision of financial questions arising with reference to reparations, and suggested that as a practical matter it would be desirable for the Finance Section henceforth to report to the Committee for the Organisation of the Reparation Commission instead of the Supreme Economic Council.

After further discussion it was agreed:—

- i) that the Finance Section should be maintained until the definite organisation of an International Economic Council and of the Reparation Commission.
- ii) That the Finance Section should be asked to collaborate with the Committee for the Organisation of the Reparation Commission in all financial questions which are in process of execution or the solution of which is urgent.
- iii) That the Finance Section should refer to the Committee for the Organisation of the Reparation Commission all decisions to be

made relative to financial questions concerning *a*) the supply of food and raw materials to ex-enemy countries and *b*) reparations.

270. Sub-committee on Germany.

The American Delegates suggested that the Sub-Committee on Germany should in future report to the Committee for the Organisation of the Reparation Commission instead of to the Supreme Economic Council.

The French Delegates called attention to the fact that the Organisation Committee was already dealing directly with the Germans.

It was agreed that the decision of this question should be deferred until the Meeting of the Council to be held in London on August 1st, at which time the report of the Sub-Committee would be presented for the consideration of the Council.

271. Allied Maritime Transport Executive.

It was agreed that the Allied Maritime Transport Executive as one of the sections of the Supreme Economic Council, should in future refer for final decision to the Committee for the Organisation of the Reparation Commission, instead of to the Supreme Economic Council, all questions of enemy tonnage which relate to reparations.

Appendix 250

Report to the Supreme Economic Council on the Necessity of Maintaining the Finance Section

I

The Supreme Economic Council, in its meeting of the 10th July, decided that the Finance Section should be authorised to continue its work, with a view to settling all questions which are still pending as quickly as possible.

The Finance Section has in fact been principally engaged on investigating and applying the financial means of execution of the Armistice clauses:

- (a) The carrying out of the Spa, Trèves and Brussels Agreements as far as Germany is concerned.
- (b) The carrying out of the Armistice with Austria, and of the subsequent agreements concerning the provisioning of Austria by the Allied Powers.

The raising of the blockade of Germany only dates from the ratification of the Peace Treaty by the German National Assembly.

The Agreements with Austria are still in process of execution, and a letter from Dr. Renner, dated the 9th July, requests the continuance

of Allied assistance.¹ The National Assembly of German Austria only voted the laws concerning the requisitioning of securities and the organisation of mortgages on the forests in its meeting of the 8th July.

The Finance Section has still to undertake the final solution of the following questions:

(a) *As regards Germany:—*

1. The ultimate disposition of the gold delivered by Germany in payment for foodstuffs. The amount intended for the United States will be sold by Germany without option of repurchase. The Germans have not yet replied on the question of the proposed sale with option of repurchase on the part of the United Kingdom.
2. The procedure to be followed in the sale of the requisitioned securities transferred to Amsterdam by the Germans, and the division of the proceeds of this sale among the Allied and Associated Powers.
3. Utilisation by the Germans of Argentine securities for German purchases of foodstuffs in the Argentine.
4. Final examination of a proposition made by a consortium of Dutch banks to make an advance for which requisitioned securities would serve as guarantee.
5. Settlement of the French account; provisioning of Germany by France.
6. Utilisation of proceeds of the sale of lignite briquettes to Switzerland (application of the Agreement of 25th March).

(b) *As regards Austria:—*

1. Final settlement of the conditions of the new advance of 3 million dollars allowed by the Government of the United States to the three Allied and Associated Powers.
2. Delivery of gold and securities. This delivery was demanded to take place on the 12th July in the case of gold, and on the 31st July in the case of securities. These periods will have to be extended.
3. Supervision of the transport of the gold and securities to Venice.
4. Nomination and despatch of experts to Venice to examine the gold and securities.
5. Nomination and despatch of forestry experts to Austria to fix the value of the pledge.
6. Settlement of the food accounts among the Allies in consequence of supplies provided by Italy for the account of France and Great Britain.

It would seem that the Finance Section, which is acquainted with all these questions, is better fitted than anybody else to supervise the execution of the decisions which have been made, and that in any case

¹ Appendix 237, p. 458.

it is most desirable that the Section should be able to continue and complete this part of its work.

II

The work of the Supreme Economic Council, however, has not been confined to the provisioning of Germany and Austria. The Council has had to listen to appeals from the reconquered or liberated countries, from the new nations and from the devastated regions.

The Finance Section has had to grapple with the difficult problem of the financial measures necessary for the reconstruction or the provisioning of countries or of groups, but it has only been able to deal with the most urgent affairs; the most immediate requirements have been satisfied, thanks to the great relief work undertaken by Mr. Hoover's organisation and by each of the Associated Governments. Thus it has been necessary to defer the settlement of questions which are now of extreme urgency, and the solution of which has as yet only been outlined by the Section.

Thus, to mention only questions which have been raised and are not yet settled, the following should be quoted:—

- (a) Financial assistance to be given to the three Baltic States. General Gough has requested that 500,000 £. should be placed at his disposal immediately, and other credits will become necessary in the near future.
- (b) The agreement for the expenses of maintenance of Russian prisoners in Germany.
- (c) The expenses of the restoration of navigation on the Danube.
- (d) Expenses for the supply of locomotives and trucks to Lithuania.
- (e) The investigation of methods of co-ordinating the advances which have already been made to Russia by the different Treasuries.

When the Council decided to transform itself into an International Economic Council, it recognised that collaboration in economic affairs between the Allied and Associated countries must continue. Such collaboration necessarily involves corresponding financial collaboration, and it is desirable that there should be no breach of continuity between the action of the Finance Section of the Supreme Economic Council and that of whatever body is to fulfil similar functions in the International Council.

III

It is necessary, on the other hand, to take into account the fact that the raising of the blockade of Germany and the approaching signature of the Peace Treaty with Austria will involve the disappearance of

the bodies set up to co-ordinate the measures which had to be taken during the Armistice.

The execution of the financial clauses of the Peace Treaty is to be entrusted to the Reparations Commission, which is at present in process of organisation.

As a matter of fact, the Preparatory Committee entrusted with setting up the Reparations Commission has not limited its activities to this only. It has already had before it such definite questions as the utilisation of the proceeds of German exports, and it will doubtless shortly have to consider the question of the provisioning of Germany, all of which matters have hitherto been dealt with by the Finance Section, acting as a Sub-Committee of the Supreme Economic Council.

It would seem, both in view of avoiding at present any clashing of functions and, in the immediate future, to hasten the solution of problems with which the Finance Section is better acquainted, as it has dealt with them for several months, that it would be desirable for the Finance Section to act in close collaboration with the Preparatory Committee of the Reparations Commission, even if only to transmit to the latter such questions as are at present being investigated or negotiated, and which will henceforward fall within its competence.

Consequently, the Supreme Economic Council may think fit:—

1. To decide that the Finance Section be maintained until the definite organisation of an International Economic Council and of the Reparations Commission.
2. To recommend to the Council of Representatives of the principal Allied and Associated Powers that the Finance Section should be asked to collaborate with the Preparatory Committee of the Reparations Commission on all financial questions which are in process of execution, or the solution of which is urgent.

**Supreme Economic Council: [29th Meeting Held at London on
1st August, 1919, at 3 p. m., and 2d August, 1919, at 10: 30 a. m.]¹**

The Supreme Economic Council held the First Session of its Twenty-ninth Meeting on Friday, the 1st August, 1919, at 3 p. m., at the Colonial Office in London, and the Second Session of its Twenty-ninth Meeting on Saturday, the 2nd August, at 10.30 a. m., at the India Office, under the Chairmanship of Lord Robert Cecil.

The Associated Governments were represented as follows:—

AMERICA, UNITED STATES OF	Mr. Hoover.
	Mr. J. Foster Dulles.
BRITISH EMPIRE	Mr. Austen Chamberlain.
	Sir Auckland Geddes.
	Sir Joseph Maclay.
	Mr. G. H. Roberts.
	Mr. Cecil Harmsworth.
FRANCE	M. Clémentel.
	M. Vilgrain.
	M. Dupuy.
	M. Avenol.
	General Payot (representing Marshal Foch).
ITALY	Signor Schanzer.
	Signor Marconi.
	Signor Salvatore Orlando.
	Commander Volpi.
	Professor Attolico.
BELGIUM	M. Jaspar.
	Colonel Theunis.
	Major Bemelmans.

272.

The minutes of the twenty-seventh and of the twenty-eighth meetings were approved.

273. Interchange of Goods Between Countries of Central Europe.

With reference to Minute 267, the American Delegates reported that they had received information to the effect that the interchange of potatoes and coal between Poland on the one hand and German-Austria and Czecho-Slovakia on the other hand was actually in operation.

274. Relief Operations During June.

A report from the Director-General of Relief (251) with detailed

¹ No copy of minutes of this meeting found in Department files; copy supplied by the British Foreign Office as enclosure to letter of June 27, 1945, to the American Ambassador in Great Britain (026. Foreign Relations (1919)/7-245).

tables showing progress of relief measures during the month of June, and totals from the 1st December to the 30th June, was submitted for the information of the Council.

275. Typhus Relief in Eastern Europe.

The Director-General of Relief submitted a memorandum (252) giving an outline of the measures taken by the United States military authorities to aid the Polish Government in combating the spread of typhus in Eastern Europe and a history of the negotiations which have taken place between the Committee of the Directors of Relief, the representatives of the League of Red Cross Societies and the Polish Ministry of Public Health, which resulted in the conclusion that more effective aid could be given Poland by the method adopted than through the intervention of the League of Red Cross Societies.

The British Delegates reported that they had arranged to secure appropriation of a quantity of medical supplies, the transfer of certain army equipment to the Polish Ministry of Health and for further contributions from the British Red Cross.

276. Termination of Rotterdam Food Commission.

The receipt of a cable from the Rotterdam Food Commission (253) requesting definite instructions whether to continue or to cease functioning as an Inter-Allied Commission, was reported.

It was agreed that a communication should be addressed to the Rotterdam Food Commission directing it to cease functioning as an Inter-Allied Commission, but adding that the various National Delegations on the Commission should act in co-operation for the winding up of its work.

277. Repatriation of Prisoners of War.

A memorandum prepared by the Director-General of Relief (254), recommending that the Supreme Council be asked to set up a Commission comprising British, French, American and Italian military officers for the co-ordination and management of the work and finance connected with the repatriation of the various nationals scattered throughout Europe as a result of the war, was submitted.

At the request of the French Delegates, it was noted that this scheme did not apply to the territories under the jurisdiction of the Western Allies and the United States.

It was agreed that the report should be forwarded to the Supreme Council with a communication pointing out that considerable difficulties might arise with respect to the shipping arrangements, and suggesting that the Commission should be directed to take under careful consideration the Allied needs with respect to the transport of Allied troops.^{1a}

^{1a} See HD-62, minute 7, vol. viii, p. 411.

278. Traffic on the Danube.

(1) A memorandum from the Roumanian Delegation to the Peace Conference (255), dealing with the situation created in Roumania by the measures adopted by the Supreme Council of the Allies regarding the administration of the Danube, was considered.

The Chairman of the Communications Section pointed out that the Provisional Allied Danube Commission was created for the purpose of facilitating traffic on the Danube and expediting the exchange of commodities and that its activities had been to a large extent successful. He continued that, in the opinion of the Communications Section, the substantial objections put forward in the Roumanian memorandum would be met by allowing representatives of the riparian States to be attached to the Provisional Allied Danube Commission and by taking steps for the immediate restoration to commerce of river craft on the Danube pending the final settlement of disputes relative to ownership.

It was agreed to recommend to the Supreme Council that representatives of the non-enemy riparian States should be attached to the Provisional Allied Danube Commission.²

(2) A letter from the Greek Delegation of the Peace Conference (256) requesting that tugs, lighters and other river craft belonging to Greek subjects, which had been seized during the enemy occupation of Roumania, and since the armistice had been in the possession of the Allies, should now be returned to their owners, was submitted.

The Chairman of the Communications Section reported that traffic on the Danube was greatly impeded owing to disputes as to the ownership of river craft, and that free circulation between the Upper and Lower Danube was rendered impossible because of the liability to seizure while in the middle of a voyage by claimants on the Lower Danube seeking to establish original ownership.

The Council agreed in principle:—

(1) That all vessels of undisputed ownership should be returned to their owners under arrangements to be made by the Provisional Allied Danube Commission.

(2) That as regards vessels of contested ownership, the Communications Section should perfect a plan for holding the title of these vessels in trust for their true owners, and should make immediate arrangements for their being brought into full use pending the final decision as to ownership.

The French Delegates stated that, while agreeing in principle, they were unable to accept a definite resolution until their Government had received explicit proposals.

² See HD-37, minute 10 and appendix H, also HD-39, minute 5, vol. VII, pp. 819, 828, and 938.

It was further agreed that the Communications Section should prepare and submit to the French Government proposals encompassing the above objects and that in the event of an agreed solution, the necessary actions should be taken by the Communications Section without further reference to the Council.

279. Resumption of Communications With Germany.

(a) *Postal.* A recommendation to the Supreme Council, made by the special committee appointed by the Supreme Economic Council to study and report upon questions relative to the re-establishment of postal communication with Germany (257) and the decision reached by the Supreme Council (258) in the light of this report, was noted.

(b) *Railway Communication.* General Payot, representing Marshal Foch, outlined to the Council the steps which had been taken with a view to the re-establishment of railway communication with Germany, *viz.* :—

(1) That a programme had already been devised and put into effect re-establishing railway communication between occupied and unoccupied Germany.

(2) That, with respect to direct communication between the Allies and Germany and to through communication over German railways, a conference of the different Governments, including Germany, had been called for the 6th August at the Ministry of Public Works, in Paris, when a full scheme would be devised.

280. European Food, Coal, and Raw Materials Situation.

The following decision from the Supreme Council was reported:—

"Resolved that the problems arising out of present difficulties of providing food, coal, and raw materials to Allied Powers should be submitted to the Supreme Economic Council for examination and report." ³

(a) *Food.* A memorandum from the French Delegation (259), proposing that an organisation be maintained to ensure Inter-Allied or International co-operation in the co-ordination of national control of wheat, frozen meats, sugar, and other foodstuffs, was considered.

The French Delegates stated that the French Government was compelled for the time being to maintain control of certain foodstuffs, as, for example, wheat; that the British and other Governments were retaining this control, and that for these reasons they felt that co-operation in national buying would prevent an undue rise in the prices of essential foodstuffs. They elaborated their proposals suggesting that a Committee with representatives from the different Governments, including producing countries, should be entrusted with the determination of questions of general policy and with the collection

³ HD-18, minute 4, vol. vii, p. 371.

and study of data, and that the Wheat Executive should be retained as a consultative body.

The British Delegates expressed general approval of the French proposals as outlined, on the understanding that each nation would provide its own shipping and finance.

The Italian Delegates stated that they were in favour of the French proposals, as in Italy it was still impossible to restore complete freedom. They emphasised, however, that the proposed organisation could be only consultative.

The Belgian Delegates also expressed approval of the French proposals, stating that in Belgium, too, some measure of economic control was still essential.

The American Delegates stated that, owing to the fact that the American Food Administration came to an end with the signature of Peace, and as they had no authority to act in this matter, they could not take any active part in the proposals laid down without instructions from Washington. They would like to present some features of the matter from purely an objective point of view.

It was true that there had been some degeneration in the world food supplies from the high prospects of two months ago, but the harvests of the world were, from every evidence, still large enough to take care of the world's necessities. Nevertheless, the margin of surplus was sufficiently narrow to create grave dangers of speculation and, in fact, the diminution of prospects, together with the general moral relaxation in the world, had already given rise to considerable speculation and profiteering, as evidenced in the advance of prices of Argentine, Australian, and Canadian wheat due to speculation within the last month or two. They were confident that any plan that would militate against speculation and profiteering would be received sympathetically by the American people.

There were, however, several points on the proposals which should receive consideration. In the first instance, combined buying, or even consultation on prices, practically meant to a considerable degree fixing of prices during the year. So great a domination of the world's food markets and the virtual fixing of prices which was possible under these arrangements would require the broadest statesmanship if it were to avoid the dangers which are inherent in these methods.

If prices are fixed there is a tendency to discourage production, unless those prices are fixed on an extremely liberal basis. Europe could not afford to have any diminution in production of the world's food supplies, for even a small percentage, such as 15 per cent., in Western Hemisphere wheat production would starve Europe.

They continued that there was also another phase to the matter, and that was that such arrangements necessarily violate the economic basis of normal food production, because all food is seasonal in its

production, and the economic burden of carrying these seasonal supplies for distribution over the entire year is necessarily normally carried by the whole distribution trades, and if prices are to be determined the distribution trade will not be disposed to carry the surplus against an unknown fixation of prices by a powerful body whose action in any circumstances must necessarily be unknown to them. The economic result might quite well be that the trades would refuse to carry the surplus, and that prices in consequence would fall to a point below the cost of production, and if these methods were to be adopted it would be necessary to give consideration to the necessity of purchasing large stocks of food during the season of flush production with a view to their distribution at a later period. A case in point of this nature was that of the American fat products during the last winter, when certain of the Allied agencies held the view that advantage should be taken of the great momentary surplus unduly to break prices, and, had it not been for the intervention of the American Government, the production of fats would have been so discouraged as to have left Europe during the forthcoming year without one-half of her present available supplies.

Another feature bearing upon these proposed plans was the danger of creating in the minds of the producers in the Western Hemisphere the belief that a combination of buyers had been erected to dictate prices to the producer, the repercussions of which in financial and political issues would be most material.

Under these circumstances the American Delegates would strongly recommend to the Allied Governments that no plan of this character should be placed in action until it had been presented to the American Government in Washington. If contracts could be re-established on a basis of co-operation with the United States, by which the inherent economic weaknesses of such plans were ameliorated, it might be constructive in the control of profiteering and speculation, but unless it had the support of the producer as well as of the consumer the gravest possible dangers would result as to the future of the world's food supplies.

The American Delegates believed that existing conditions of enlarged freedom in transportation and the much larger area of markets available to Europe during the next year than maintained during the war did not warrant the fixing of prices; they believed that price fixing and the control of speculation and profiteering were entirely different economic phenomena, and the latter would be handled without the necessity of entering upon the former. There was, of course, great conflict of view in these matters, but in any event the American Delegation felt that it should not, under the circumstances, enter upon these discussions, but that the plans formulated should be presented directly to the Government in Washington.

The British, French, Italian, and Belgian Delegates stated that their proposals presupposed American co-operation, and that, in the interest of all, there must be no combination of buyers pitted against a combination of producers.

It was agreed—

(1) That the British, French, Italian, and Belgian Delegation should each appoint two representatives on a Committee to meet immediately and prepare a report for submission to the Supreme Council regarding the problems arising from the present difficulties of providing food for Europe.

(2) That before final adoption the scheme devised by this Committee should be placed before the United States Government with an invitation to co-operate.

(b) *Coal.* 1. The Council considered a memorandum presented by the Italian Delegates (260) dealing with the coal situation in Italy.

The French Delegates pointed out that the facts stated in the Italian memorandum as to the quantity of coal supplied by Great Britain, and as to the consequences of the British dual price system, applied equally to France.

The British Delegates stated that the present estimate of the output of coal was below the requirements of their internal use and bunker consumption, and that, accordingly, it was impossible for Great Britain, at the present moment, to promise to ship any specified quantity of coal.

It was agreed—

That the Council should recommend to the Governments of coal-producing countries to take under careful consideration the urgent needs for coal expressed by the different Delegations, and especially by the Italian Delegation, in view of the extremely grave situation now menacing Italy as a result of the reduction of the importation of coal.

2. A memorandum submitted by the Director-General of Relief on the European Coal Situation (261) was considered.

The American Delegates suggested that the Supreme Council should be asked to establish immediately a Coal Commission to undertake the co-ordination of the production and distribution of coal throughout Europe. The Reparation Commission for Germany, the Teschen Commission, the Plebiscite Commission for Silesia, and the different Commissions charged with matters of transport, should all be instructed to co-operate with this Coal Commission and assist in the work of the Coal Commission to the full extent of their powers.

The Council agreed, in principle, the recommendations made by the American Delegates, and each Delegation was asked to appoint a member upon a Coal Committee to meet in Paris on Monday August 4, to prepare a report and recommendation for the Supreme Council.

The Council further agreed, pending the decision of the Supreme Council, to recommend to the different Governments the urgent necessity of increasing the production and restraining and reducing the consumption of coal.

(c) *Raw Materials.* It was agreed that a Raw Materials Committee, composed of one representative from each of the Governments, should prepare a report for submission to the Supreme Council.*

281. Sub-Committee on Germany.

A report from the Sub-Committee on Germany (262), submitted in accordance with the request of the Council at the twenty-sixth meeting (see Minute 251), was considered.

The American Delegates stated that the assistance of the Sub-Committee on Germany would be very helpful to the Reparation Commission in the consideration of certain problems with which the Sub-Committee was conversant.

It was agreed that the Sub-Committee should adjourn sine die, but that it should be called in case its assistance was needed by the Reparation Commission or by the Supreme Economic Council.

282. Relations Between the Reparation Commission and the Allied Maritime Transport Executive.

A letter from the Committee of Organisation of the Reparation Commission (263), dealing with the proposed relations between the Commission and the Allied Maritime Transport Executive, was submitted.

The Council approved the arrangements as set forth in the letter from the Committee.

283. Use of Adriatic Ports for Serbian Supplies.

A decision from the Supreme Council (264), relative to the use of Adriatic ports for commodities destined for Yugo-Slavia, was noted.

284. Allied Economic Policy in Hungary.

A decision by the Supreme Council to the effect "that the blockade of Hungary should be maintained until the Council should decide otherwise, and that the participation of the four Powers should be arranged for to assist the Austrian Government in maintaining it,"⁴ was reported.

285. Greek Stocks in Russia.

A letter from the Greek Delegation of the Peace Conference (265), drawing attention to the fact that large stocks of goods belonging

*Modified by the addition of the word "Economic" (see Minute 296). [Foot-note in the original.]

⁴ See HD-16, minute 5, vol. vii, p. 343.

to Greek merchants were held up in Crimean ports, and asking that the necessary permits should be granted to certain Greek steamers to lift these stocks, was submitted.

It was agreed that the Greek Delegation should be informed that the rule laid down by the Naval Commander-in-Chief at Constantinople was that the vessels might circulate freely in the Black Sea, except to ports in the hands of the Bolsheviks.

286. Forecast of Situation in Bread Grains.

The Director-General of Relief submitted a memorandum with attached tables (266) giving a final pre-harvest forecast of the production and consumption of bread grains in Europe, together with the probable export surpluses in the United States, Canada, the Plate and Australia.

287. Situation in Armenia.

The Director-General of Relief reported the receipt of three cables (267) from Major Green, Head of the American Mission at Tiflis, dealing with the serious situation existing in Armenia.

It was agreed that a note should be addressed to the Supreme Council notifying them of the receipt of these cables and requesting instructions whether the information contained therein should be published.

288. Use of ex-Enemy Tonnage.

(a) A report, dated July 1, 1919, from the Allied Maritime Transport Executive (268), dealing with the assignment, deliveries and employment of German and Austro-Hungarian tonnage allocated to Allied management during the Armistice, was noted.

(b) A report from the Freight Commission, Food Section (269), setting out the position and employment of all ex-enemy tonnage nominated by the Allied Maritime Transport Executive for food service, was noted.

289. Reallocation of ex-Enemy Ships.

Representatives of the Allied Maritime Transport Executive stated that, in view of the fact that the use of ex-enemy tonnage for relief was now coming to an end, the Allied Maritime Transport Executive had considered the reallocation of this tonnage. The basis of reallocation proposed both for cargo and passenger tonnage was that the allocation for management should be the determining factor until such time as a final division was made. The financial proposals consequent upon this arrangement had been unanimously agreed. The basis of reallocation, however, in respect of cargo tonnage had not been agreed by the Belgian Delegation. As regards passenger tonnage, the same arrangement had been put forward; but, in respect of

certain vessels allocated for repatriation purposes to the United States of America, and no longer required by the United States of America, no unanimous conclusion had been reached, the French Delegation making certain reservations.

It was agreed:—

(1) To accept and confirm all that the Allied Maritime Transport Executive had unanimously agreed.

(2) To request the Allied Maritime Transport Executive to submit for the decision of the Supreme Council the point, or points, upon which agreement had not been reached, stating clearly the case for each point of view.

290. Tonnage for Czecho-Slovak Republic.

A note from the Freight Committee, Food Section (270), stating that a letter had been received from the Czecho-Slovak Republic requesting that shipping space be provided for the transport of 100,000 tons of Government supplies from the Argentine and India, was considered.

It was agreed that the request should be referred to the Allied Maritime Transport Executive for consideration and report on the entire matter, including questions of policy involved.

291. Status of Railway Mission to Poland.

The British Delegates reported receipt of a cablegram from Warsaw making enquiry in connection with the preparation of a plan of railway reorganisation in Poland, whether Poland should be considered at war or at peace.

The Chairman of the Communications Section pointed out that, in the opinion of the British and American representatives on the Railway Mission to Poland, military control would hamper economic development, and that railway organisation on a peace basis was essential to the economic development of the country.

It was agreed that, because of the fact that the note raised political questions, the matter should be referred to the Communications Section for the preparation of a memorandum upon the economic questions involved for submission to the Supreme Council.

292. Austrian Relief.

The Director-General of Relief reported that arrangements had been made for the addition to the Austrian programme of 20,000 tons of flour to be charged to the British share of the joint Allied finance, and that with this increase the relief of Austria had been provided for until the end of September.

293. Appointment of an International Statistical Committee.

It was agreed that an International Statistical Committee, consisting of one representative of each country, should be constituted with a

view to producing an international monthly bulletin of economic statistics on the lines of that recently issued by the British Department of the Supreme Economic Council. The Committee was to act in consultation with the Economic Section of the League of Nations' Secretariat, and the cost of producing the bulletin was to be borne on a basis to be agreed by the countries participating.

It was understood that the work of this Committee should eventually be taken over by the League of Nations.

294. Economic Co-operation After Peace.

The British Delegates reported that their Government approved the recommendations made by the Committee on Policy of the Supreme Economic Council (see Minute 259) and agreed, in principle, that the first session of the proposed International Economic Council should be held at Washington. They pointed out, however, that it might be impossible for the Cabinet Ministers now sitting as delegates to attend in person.

The French, Italian, and Belgian Delegates stated that their Governments had approved the recommendations in principle.

295. Permanent Committee.

The British Delegates suggested that a small permanent committee should sit in London with the view to expediting the despatch of current business.

It was agreed—

(1) That a Permanent Committee composed of one representative from each of the Governments should sit in London.

(2) That this Committee should dispose of matters of routine or current business, referring to the full Council questions of great importance, or where obviously there was likely to be a difference of opinion.

Appendix 251

Report From the Director-General [of Relief] Regarding Relief Operations in Europe During June 1919

GENTLEMEN: I attach hereto detailed tables showing the progress of relief measures under my direction for the month of June and the totals from the 1st December to the 30th June.

During the month of June there was distributed about 100 shiploads of food to the twenty countries under relief, comprising 597,543 metric tons of supplies, having an approximate value of 141,255,334 dollars. As usual, the great majority has been supplied on credit, and to some extent upon charity. This compares with 738,687 metric tons dis-

tributed during the previous month, of the approximate value of 162,875,000 dollars.

The total supplies distributed under the Relief Administration from the 1st December to the 30th June amounts to 3,219,896 tons, comprising about 612 shiploads, of a value of approximately 770,795,000 dollars.

Port stocks at the 30th June amounted to 157,681 tons, as compared with 195,791 tons on the 31st May.

The exchange of local surpluses of native food and other commodities between countries in Central and Eastern Europe, which has been arranged by the Relief Administration, has shown increases, but these figures are not included in the above totals.

I can only repeat that I am confident that we shall reach the completion of this task with the harvest and without any preventable loss of life.

Faithfully yours,

HERBERT HOOVER

JULY 25, 1919.

[Enclosure]

I.—TOTAL RELIEF DELIVERIES UNDER THE DIRECTION OF THE DIRECTOR-GENERAL OF RELIEF DURING THE PERIOD JUNE 1 to 30, 1919

[Metric tons]

	Total Bread-stuffs	Wheat Flour	Cereal Flour	Grain	Beans	Rice	Meats and Fats	Milk	Clothing	Miscellaneous	Total
Finland.....	35,065	.....	.....	35,065	.....	.....	.....	.....	.....	.....	35,065
Estonia.....	1,265	1,265	.....	.....	284	.....	385	382	.....	.....	2,316
Latvia.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Lithuania.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Russia.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Poland.....	24,455	10,623	.....	18,832	895	3,668	3,759	1,121	820	1,497	36,215
Germany.....	107,656	52,496	13,393	41,767	8,654	3,916	45,877	6,731	.....	34,519	207,353
Denmark.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Holland.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Belgium.....	2,172	.....	23	2,149	12	6	18,889	424	1,058	3,017	25,578
Northern France.....	.....	.....	.....	.....	.....	.....	4,648	6,057	1,416	11,328	24,849
Czecho-Slovakia.....	83,101	8,679	7,073	67,349	323	.....	2,101	331	.....	167	86,023
German Austria.....	91,092	56,832	6,600	27,660	975	132	753	1,657	.....	26,395	121,004
Hungary.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Greater Serbia.....	3,030	3,030	.....	.....	490	108	107	276	.....	253	4,264
Italy.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Roumania.....	34,494	11,323	7,451	15,720	1,591	.....	258	.....	.....	5,350	41,693
Bulgaria.....	2,013	2,013	.....	.....	.....	.....	.....	.....	.....	.....	2,013
Turkey.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Armenia.....	6,856	6,823	33	.....	2,042	3	.....	1,950	.....	319	11,170
Total.....	391,199	153,094	34,573	203,542	15,266	7,533	76,777	18,929	3,294	83,345	597,543

**II.—TOTAL RELIEF DELIVERIES UNDER THE DIRECTION OF THE DIRECTOR-GENERAL OF
RELIEF DURING THE PERIOD FROM DECEMBER 1, 1918, TO JUNE 30, 1919**

[Metric tons]

	Bread-stuffs	Beans and Peas	Rice	Meats and Fats	Milk	Cocoa and Sugar	Clothing	Miscellaneous	Total
Finland.....	117,118	744	835	1,963	250	1,556	.....	842	123,338
Estonia.....	13,165	210	37	493	96	64	.....	.....	14,065
Latvia.....	3,451	309	8	527	418	3	.....	.....	4,716
Lithuania.....	2,040	8	.....	12	60	17	.....	.....	2,137
Poland.....	173,556	3,996	7,668	21,112	4,733	666	5,227	65,607	312,555
Germany.....	365,471	48,860	49,854	121,265	23,128	.....	.....	170,346	778,924
Holland.....	24,552	.....	.....	.....	.....	.....	.....	.....	24,552
Denmark.....	19,942	.....	.....	.....	.....	.....	.....	.....	19,942
Belgium.....	594,012	5,270	29,130	65,949	15,177	3,465	8,912	26,544	745,429
Northern France.....	6,647	5,193	10,920	17,159	13,570	14,163	3,298	17,588	88,338
Czecho-Slovakia.....	253,696	439	251	17,663	2,596	277	105	45,776	323,533
German Austria.....	235,337	6,715	12,992	33,077	5,051	40,705	.....	37,224	371,101
Hungary.....	.....	.....	.....	633	.....	.....	.....	.....	633
Greater Serbia.....	59,777	4,769	149	3,780	1,067	283	8,332	11,285	89,442
Italy.....	15,034	.....	.....	.....	.....	.....	.....	.....	15,034
Roumania.....	174,433	2,390	.....	3,617	2,651	628	4,159	28,458	216,666
Bulgaria.....	22,831	.....	.....	.....	.....	.....	.....	.....	22,831
Turkey.....	14,458	.....	.....	.....	.....	.....	.....	.....	14,458
Armenia.....	25,614	2,661	3	.....	2,463	319	.....	.....	31,060
Russia.....	1,307	.....	.....	.....	.....	.....	.....	13,770	15,077
Russian prisoners in Germany.....	1,433	.....	.....	1,050	.....	.....	.....	202	2,655
Total.....	2,123,874	81,564	111,847	288,300	71,360	62,146	30,063	450,642	3,219,896

III.—STOCKS IN PORT, JUNE 30, 1919

	Bread-stuffs	Peas and Beans	Rice	Meats and Fats	Milk	Cocoa and Sugar	Clothing	Miscellaneous	Total
Rotterdam.....	20,026	102	1,140	380	.....	286	24	4	21,962
Antwerp.....	15,097	2,629	1,363	3,102	2,530	475	841	10,244	36,331
Hamburg.....	10,310	.....	349	434	30	.....	111	.....	11,234
Danzig.....	30,906	9,896	2,530	5,688	704	769	.....	3,348	53,841
Copenhagen.....	5,627	.....	.....	720	34	.....	.....	.....	6,381
Hungerberg.....	2,774	.....	.....	.....	.....	.....	.....	.....	2,774
Reval.....	5,485	.....	.....	.....	.....	.....	.....	.....	5,485
Viborg.....	4,194	495	.....	421	390	.....	.....	.....	5,500
Riga.....	1,087	.....	.....	132	104	.....	.....	.....	1,323
Trieste.....	11,621	.....	.....	878	238	.....	113	.....	12,850
Total.....	107,127	13,122	5,382	11,755	4,080	1,530	976	13,709	157,681

IV.—STOCKS AND INTERNAL MOVEMENTS DURING JUNE 1919

	Bread-stuffs	Beans	Rice	Meats and Fats	Milk	Clothing	Miscellaneous	Total
Reserve port stocks June 1, 1919....	84,941	12,208	7,422	52,040	10,045	3,339	25,796	195,791
Supplies received during June.....	413,385	16,180	5,793	36,492	13,864	981	72,788	559,433
Total available in June.....	498,326	28,388	13,215	88,532	23,909	4,270	98,584	755,224
Distribution during June.....	391,199	15,266	7,833	76,777	19,829	3,294	88,345	597,543
Reserve port stocks June 30, 1919..	107,127	13,122	5,382	11,755	4,080	976	15,239	157,681

Appendix 252

Memorandum From the Director-General of Relief [Regarding] Typhus Relief in Eastern Europe

The Council will recollect that during the last spring the typhus situation in Eastern Europe was raised in the Council by myself, and, after discussion, it was determined to appeal to the Red Cross Societies of the world to undertake a special campaign in this particular. This appeal was made, and in consequence of it some discussion of the matter took place at the Conferences held in Cannes, from which were finally organised the League of Red Cross Societies. The League of Red Cross Societies addressed themselves directly to the Heads of State for financial assistance, and these gentlemen referred the matter back again to the Supreme Economic Council for consideration.

The Council instructed me, together with my colleagues in charge of relief, on behalf of the various Governments (Sir William Goode, Mr. Caetani, Major Fillioux), to interest ourselves in assisting the matter. A considerable number of discussions were held with the representatives of the League of Red Cross Societies, and it was pointed out to them that the only assistance the Council could bring to bear would be to enlist the interest of the various armies in the disposal of their surplus supplies, and in the lending of their personnel, and urgent representations in the matter were made by us to the American, British and French military authorities.

The League of Red Cross Societies raised the question of the authority that would be given to them by the Governments of Eastern Europe. They considered that it was necessary that they should have a practically complete police authority in order to make effectual the results of their efforts. They also stated that they had no resources otherwise than for purposes of general organisation; that while, under the resources they possessed, they could mobilise enterprises of this character, the entire expenditure would have to be met from governmental quarters. We decided that the best method of procedure would be to ask the Polish Minister of Health to come to Paris for consultation with the League of Red Cross Societies, which was done and conferences were held early in July.

At these conferences the League of Red Cross Societies stated that they could not take the responsibility for such a campaign unless they were given very large authorities by the Ministry of Health, and the Polish Minister felt that he could not justifiably surrender the control of health conditions internally in Poland, in view of the very large amount of work already being carried on by the Polish Government and his own responsibility. A number of conferences appear to have

taken place between the Polish Minister of Health and the Red Cross Societies, by which ultimately they decided that their best services would be performed by recruiting personnel for the Ministry of Health and at the expense of the Polish Government.

The matter appeared to be making but little progress, as the Polish Minister of Health informed me that he was not able to find the necessary expenditure to cover his problem. It was therefore resolved by your Committee that they should appeal directly to the armies of the various Governments to assist the Polish Ministry of Health with army personnel, and at the same time further urgent representations were made to the various Liquidation Boards with regard to a liberal attitude towards Poland in the matter of army supplies available for combating typhus.

Ultimately, the President of the United States and the Secretary of War delegated personnel from the American army to be placed at my disposal for the Polish Ministry of Health and at the expense of the American army. With the intervention of the President, I also arranged with the American Liquidation Board to sell several million dollars' worth of supplies and material at a nominal figure to the Polish Government, and I undertook for the Relief Administration to secure the expenses of transportation.

Our British colleagues arranged also to secure appropriation for a large quantity of medical supplies and the transfer of certain Army equipment to the Polish Ministry of Health, and have now arranged for further contributions from the British Red Cross. A note on these supplies is being furnished by the British Delegates.

Colonel H. L. Gilchrist, of the American army, has been delegated, together with a personnel of some 500 members, to proceed to Poland to assist the Polish Government. The following officers have been detailed for the expedition:—

Colonel H. L. Gilchrist, M. C., in charge.
Lieut.-Col. H. H. Snively, M. C.
Lieut.-Col. L. R. Dunbar, M. C.
Major V. H. de Somoskeoy, M. C.
Major Willis E. Talbo, M. C.
Major Charles M. Bollman, M. C.
Major Francis M. Fitts, M. C.
Major Walter F. von Zelinski, M. C.
1st Lieut. F. B. Gryczka, M. C.
Captain Fred Pumphrey, S. C.
Captain J. G. Strobridge, Cavalry.
Major A. W. Kipling, A. S.
Major Cranford Blangden, Infantry.
Captain Clyde H. Morgan, C. A. C.
Captain H. Y. Stebbins, F. A.
2nd Lieut. William A. Stack, M. T. C.
2nd Lieut. J. J. Skaggs, M. T. C.

The principle underlying these arrangements has been in accord with policies of the Council in all of its measures; that is, to build up and strengthen existing Government departments among the new Governments rather than to impose authority over them. Any other measures must be short lived, and the only hope of permanent solutions is by the development of local efficiency.

As a matter of record I enclose herewith copies of the more essential documents that have passed in this connection.

HERBERT HOOVER

JULY 30, 1919.

[Enclosure]

(A) THE LEAGUE OF RED CROSS SOCIETIES, HEADQUARTERS, GENEVA, SWITZERLAND

Meeting Between Mr. Hoover, Chairman of Supreme Economic Council Committee, Dealing With Epidemics in Eastern Europe, and Mr. Cutler, Sir David Henderson, and Mr. Persons, of the League of Red Cross Societies

PARIS, June 1, 1919.

1. The only supplies under the influence of the Economic Council are those in possession of the various Allied armies, and any supplies provided from these sources for the operations of the Red Cross must be charged against the countries in which they are expended.
 2. The League is to endeavour to ascertain from the American and British armies whether the supplies asked for are available.
 3. The League to arrange direct with the Polish Government the conditions under which operations are to be undertaken. Mr. Hoover has asked the Polish Minister of Health to come to Paris, and will put him in communication with the League.
 4. If the operations of the League should extend to countries other than Poland, the necessary financial adjustment can be made locally.
 5. Mr. Persons may refer to Mr. Hoover for further information.
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(B) MEMORANDUM FROM MINISTER OF PUBLIC HEALTH OF POLAND TO MR. HOOVER

PARIS, June 15, 1919.

Having come to Paris on your telegraphic invitation, I have held several meetings with representatives of the League of Red Cross Societies according to your desire. The final result of these conferences is such that the League refuses all help except for the assistance in recommending 50 doctors and 100 sanitarians and nurses to be engaged by the Polish Government, but the salaries of this staff quite apart from high travelling expenses are so much in excess of

the average pay of our own personnel that we shall be able to engage but a few of the League's candidates.

The representatives of the League have declared their willingness in principle to take part in the action of establishing a sanitary cordon on the Eastern frontier of Poland if called upon to do so by an international governmental sanitary commission, the Governments concerned bearing all the expenses of the action, and taking all the responsibility for any such action. But no such commission exists at present, and in the meantime people are dying of typhus in Poland, our epidemiologists are falling victims to the disease in protecting the whole of Western Europe from the further spread of the epidemic, while here all the time there are experienced people as well as means to fight the terrible scourge. The summer period is the only season of the year when the action may be conducted successfully. The carrying into effect of this action on a big scale surpasses the ability of our own Government, and it is fair to ask that the campaign conducted in the interests of the whole West should be materially assisted by the Western Government.

Being now thrown back entirely on our own for the whole programme of the campaign, we ask only that the Supreme Economic Council sell to us at reduced prices the supplies indispensable for an effective campaign and specified in the Second Annexe of the attached Memorandum⁵ on the plan of an anti-typhus campaign in Poland, page 13, the reduction of prices representing the actual participation in the cost of the undertaking on the part of the interested Governments.

(C) CABLEGRAM TO THE SECRETARY OF WAR

Honourable Newton D. Baker,
Secretary of War.

PARIS, July 11, 1919.

Epidemic of typhus in Poland can only be solved by aid of United States. Our Army has special disinfection equipment no longer needed in France. On approval of the President General Pershing has ordered the officers detailed to Poland for a few months to co-operate with Polish Government. The Army has sold to the Polish Government a portion of the equipment not feasible for return to the United States. Usefulness of officers and equipment will be nil unless trained enlisted men belonging to this particular service are also detailed for Poland. Since the Commanding General has no power to detail enlisted men which lies in the hands of the Secretary of War, we urge for the sake of a most important international work that you issue orders detailing to Poland the trained enlisted men now serving

⁵ Not attached to file copy of minutes.

under Colonel H. L. Gilchrist in France. This plan in aid of Poland was discussed with the President and has his approval. It would be possible to secure that these men volunteer for the service if they can be kept on the army pay roll.

HOOVER

(D) COPY OF A CABLEGRAM FROM THE SECRETARY OF WAR TO GENERAL PERSHING

WASHINGTON, July 14, 1919.

Detail Colonel Gilchrist, necessary officers and 500 enlisted specialists for service in Poland is approved. Enlisted men to be obtained under conditions stated in your cable.

Appendix 253

[*Cablegram From the Rotterdam Food Commission*]

TOTTERDAM, July 23, 1919.

Rotterdam Food Commission requests definite instructions to continue or cease functioning addressed officially to it as an Inter-Allied Commission, British and American members have been instructed individually, French have no instructions.

HOCKING
Secretary, British Consulate

Appendix 254

Memorandum Prepared by Director-General of Relief for Submission to Council of Five [Regarding] Repatriation of Prisoners of War From Siberia and Elsewhere

It appears that there are some 200,000 German, Austrian and Hungarian prisoners in Siberia, and that these prisoners are suffering greatly and are a constant menace to the Siberian Government. There are also certain Polish prisoners and civilians now scattered all over the world who will require more systematic assistance at repatriation, but there is an entire deficiency of funds with which to pay the incidental expenses. There are probably also other odd lots of expatriates of various nationalities [*nationalities*] as the result of the war who need systematic repatriation. It would appear to me that this problem requires definite organisation, and I should like to submit the following plan in the matter for action by the Council:—

First, that a Commission, comprising a British, French, American and Italian military officer, should be set up and undertake the man-

agement of this repatriation. That this Commission should communicate their appointment to the Austrian, Hungarian and Polish and other Governments, and that they should offer to undertake the repatriation, provided funds are placed to their credit in advance by each of the Governments concerned.

It would appear to me that if such a body is set up under capable officers that they would be able to work out a solution in this manner and to secure from the Allied Governments the necessary shipping and other services which would be necessary. They could invite a delegate of each of the Governments concerned to sit with them in respect to the matters which concerned such a Government and they could engage the necessary staff to carry on the work. They would probably need to appeal to the various Allied Governments and to charitable societies for some assistance in respect to prisoners originating from quarters unable to supply these funds, but in any event they would create a centre around which all effort of this kind could be directed.

With the repatriation of the Allied troops nearing completion, it would appear to be an appropriate moment for the creation of such a body. I attach two memoranda on the subject indicating the volume of the problem involved, the first from the British authorities on "Prisoners in Siberia," the second from the Polish Office for Repatriation.

HERBERT HOOVER

JULY 26, 1919.

[Enclosure 1]

*Memorandum From British Delegates Respecting Ex-Enemy
Prisoners of War in Siberia*

There are about 200,000 German, Austrian and Hungarian prisoners of war in Siberia. They are in a destitute condition, and it is considered essential, both on humanitarian and political grounds, that food and clothing should be supplied to them. The representatives in Siberia of the Danish and Scandinavian Red Cross Societies have undertaken to carry out the work if they are supplied with funds, estimated at 100,000£. a month. The Austrian Government have offered to provide the funds for their nationals, and the British Foreign Office stated on the 24th June that the Hungarian Government stated that they were unable to contribute to the expenses, but asked that notwithstanding the relief should be carried out.

It is suggested that the best way to deal with the problem (which has now become a very pressing one) would be to ask the Director-General of Relief to approach the Red Cross authorities in order that they may make the necessary arrangements to receive the contribu-

tions of the Austrian and Hungarian Governments, and to carry out such measures of relief as are possible with the finance thus made available.

It is possible that on reconsideration the German Government would also consent to provide the necessary finance. It may be mentioned that the Austrian representative who deals with this matter is at present at St. Germain.

It is suggested that the Red Cross representatives should be informed that the Allied Governments will permit the necessary remittances to be made by the ex-enemy Governments concerned, and will facilitate the relief measures undertaken as far as possible.

S. D. WALEY

JULY 17, 1919.

[Enclosure 2]

Memorandum on Polish Repatriation by Stanislaw Gawronski up to the 1st June, 1919

In reply to your esteemed communication of the 11th July, I hasten to communicate to you:

1. The approximate figures of Polish subjects in foreign countries awaiting repatriation.
2. The number of foreigners actually in Poland whom it is necessary to repatriate.
3. The number of foreign prisoners of war, interned civilians, refugees and workpeople which the Central Polish Repatriation Office has transported across Polish territory at Polish national expense.

I.

From the figures possessed by the Central Office for repatriation of prisoners, interned civilians and refugees at Warsaw, the following Poles still await repatriation in foreign countries:—

1. *Germany*, in which is included the occupied territories and the provinces recaptured by France:

- (a) 15,000 to 20,000 Polish prisoners of war, the vast majority of which are invalids, wounded and sick (Polish Consul-General, Berlin).
- (b) About 600,000 Polish workers interned in Germany during the war and taken by force during the German occupation of Polish territory formerly belonging to Russia.

Germany: Total between 615,000 and 620,000.

This figure does not include interned civilians and workers, formerly Russian subjects in Posnania, and the Polish subjects of foreign nationalities (Lithuanians, Ruthenians, Jews, &c.), of which the Central Repatriation Office has not adequate figures.

2. *Russia*: Prisoners of war who were formerly soldiers in the Russian army, who have been evacuated by force from the Polish territory formerly belonging to Russia and occupied by Germany during the war:—

- (a) Russia in Europe, in which is included the Ukraine and the Don country. The figures which are obtainable at the moment, having in view the state of war with the Bolsheviks and the absolute lack of communications, are very incorrect. Taking as a basis the original figures obtained by the Polish poor relief organisations which functioned in the territory of the Russian Empire during the war, and deducting the number of repatriated people up till the 1st June, a certain number who enlisted in the Allied armies in Russia, and those who have already gone over the Hungarian and Roumanian frontiers, there remain in Russia in Europe between 165,000 and 180,000 Poles to be repatriated.
- (b) Siberia: About 40,000. These figures come from Polish organisations in Siberia, and are confirmed by various Allied and neutral missions.
- (c) Caucasus and Turkestan: About 20,000 (Polish organisations).
- (d) Finland, Murmansk, Archangel: 3,000 (Polish Delegates at Archangel).
- (e) Baltic provinces: About 3,000 (*idem*).

Russia: Total between 231,000 and 246,000.

3. *Austria*: Between 20,000 and 25,000, of which 17,000 are registered by the Polish Mission at Vienna as being in that city or its immediate environs.

4. *Hungary*: About 30,000, of which 20,000 registered at Budapest by Major Tabaszynsky of Colonel Vix's Military Mission as coming from the south-eastern provinces of Russia.

5. *Roumania*: About 60,000 from the south-eastern provinces of Russia (Polish Mission at Bucharest).

6. *Serbia*: At least 6,000, of which the condition is most deplorable (Special Polish Mission).

7. *Albania*: About 3,000 (Special Polish Mission).

8. *Greece*: About 1,000 (Special Polish Mission).

9. *Jugo-Slavia*: About 2,000 (Special Polish Mission).

10. *Turkey, Europe and Asiatic*: Between 10,000 and 15,000 (Special Polish Mission).

11. *Denmark*: 1,000.

12. *Holland*: 1,000.

13. *England*: 3,000.

14. *Italy*: 5,000 (Polish Consul-General at Rome).

15. *France*: In which is included the English and American camps, between 15,000 and 20,000 prisoners of war and between 10,000 and

12,000 workers and refugees, in which are included the refugees from Odessa brought by sea to Marseilles.

RECAPITULATION

(1.) Germany-----	615,000 to	620,000
(2.) Russia-----	231,000 to	246,000
(3.) Austria-----	20,000 to	25,000
(4.) Hungary----- (about)		30,000
(5.) Czecho-Slovakia----- "		2,000
(6.) Roumania----- "		60,000
(7.) Serbia----- "		6,000
(8.) Albania----- "		3,000
(9.) Greece----- "		1,000
(10.) Turkey-----	10,000 to	15,000
(11.) Denmark----- (about)		1,000
(12.) Holland----- "		1,000
(13.) Italy----- "		5,000
(14.) England----- "		3,000
(15.) France-----	25,000 to	32,000

Total Polish subjects,
prisoners of war, in-
terned civilians, and
refugees awaiting re-
patriation (in round
figures) ----- 1,010,000 to 1,050,000

In this figure of between 1,010,000 and 1,050,000 are not included the Polish subjects of foreign nationalities from the German provinces allotted to Poland by the Peace Treaty. The number of these Polish subjects is not very large, but they must be taken into consideration when arranging the repatriation of Polish subjects who are prisoners of war in the French, English, and American prisoner of war camps.

II.

The number of foreigners in Poland whose repatriation is necessary, and, indeed, urgent, is difficult to formulate. It increases from day to day. Above all there are the Russian subjects fleeing before the Bolsheviks and placing themselves under Polish protection after having passed the Polish Bolshevik front. These refugees arrive with their wives and children in a deplorable state, ragged, verminous, starving, bringing with them every sort of disease. Among these there are many Bolshevik agents who, under the pretext of fleeing before the Bolsheviks, penetrate into Polish territory in order to carry out dangerous Bolshevik propaganda. Apart from these, and in spite of the Allied order forbidding Germany to repatriate Russian prisoners of war across Polish territory, there are constantly arriving from Germany prisoners who are Russian subjects, who, having in view the lack of

forces to guard the Polish frontier, cross this frontier on foot and disseminate themselves little by little in Polish territory. The number of these men vary from between 500 and 2,000 per week. The numbers have greatly diminished during the last few weeks. These prisoners of war, who are Russian subjects, are also without any means of existence, and naturally they have to be lodged and fed at the expense of the Polish Government. The number of Russian subjects actually on Polish territory can be said without exaggeration to be between 250,000 and 300,000. The larger part of these prisoners are Russian subjects, but among them is a large number of Jews and Ukrainians, and also small parties of White Russians, Lithuanians, and others. Having in view the lack of provisions, the lack of medical requirements and disinfectants, the absolute lack of linen and clothes, the absolute lack of means of transport, and the lack of work, all these people without resources or means of existence are a heavy burden on the Polish Government, and present a real danger from the moral and medical point of view, not only for Poland, but for the whole of Western Europe in general.

III.

The number of foreign prisoners of war recorded as having passed through Polish territory from November 1918 to the 1st June 1919, at the expense of the Polish Government, is stated below:—

(1.)	Russians -----	481, 171
(2.)	Germans -----	7, 640
(3.)	Lithuanians -----	5, 930
(4.)	Ukrainians -----	14, 235
(5.)	French -----	1, 549
(6.)	Serbians -----	524
(7.)	Hungarians -----	19, 792
(8.)	Italians -----	1, 266
(9.)	Bulgarians -----	171
(10.)	Czechs -----	10, 427
(11.)	Roumanians -----	1, 865
(12.)	Austrians -----	6, 583
(13.)	English -----	62
(14.)	Belgians -----	17
(15.)	Americans -----	5
(16.)	Turks -----	871
(17.)	Various -----	3, 050
<hr/>		
	Total -----	555, 158

This total of 555,158 foreign prisoners is very much below the actual figure, as the Central Repatriation Office did not at first take into account the foreign prisoners of war transported by Galicia, and consequently figures were lacking. Immediately after the Armistice, on account of internal troubles in Germany and the withdrawal of Aus-

trian authorities from Polish territory, the number of foreign prisoners of war in Polish territory was so large that tens of thousands of Russian, German, and Austrian prisoners of war were transported from east to west and from west to east of the Polish frontiers without being recorded on account of the impossibility of exercising control. It would be perfectly just and not an exaggeration to augment the total of 555,158 by at least 150,000.

ST. GAVRONSKY

Appendix 255

Memorandum From the Roumanian Delegation Regarding the Administration of the Danube

PARIS, June 28, 1919.

M. LE PRÉSIDENT: I have the honour to enclose herewith a memorandum on the situation created in Roumania by the measures adopted by the Supreme Council of the Allied Armies regarding the administration of the Danube.

BRATIANO

To THE PRESIDENT OF THE INTER-ALLIED
SUPREME ECONOMIC COUNCIL.

[Enclosure]

Memorandum on the Situation Created in Roumania by the Measures Adopted by the Supreme Council of the Allied Armies Regarding the Administration of the Danube

(A) *Pre-war Situation.*

The Paris Treaty of 1856⁶ created two institutions to guarantee the principle of liberty of navigation on the Danube consecrated by this Treaty:

- (1) The European Commission on the Mouths of the Danube.
- (2) The Riverside Commission.

The first Commission was of a purely technical character, its mandate expiring on the conclusion of work on the mouths of the Danube.

This Commission was instituted at a time when Roumania had not the necessary means at her disposal, when the Danubian Principalities found themselves under the rule of Turkey, and when none of the riverside countries—Turkey and Russia—took any interest at all in the improvement of navigation necessary to the interests of Europe.

⁶ G. Fr. de Martens, *Nouveau recueil général de traités, conventions et autres transactions*, tome xv, p. 770.

The mandate of this Commission was repeatedly extended until 1878, when, by the Berlin Treaty,⁷ power was also granted to the Commission to organise the portion of the river between Galatz and the sea, independently of the territorial authorities.

These repeated extensions clearly indicate the provisional character of the Commission.

Roumania assisted the Commission to the best of her ability in its task of improving navigation and endeavoured to ensure, through the medium of her agency, that complete freedom in navigation for all nations was effected; but when they struck at her territorial dominion she always protested.

With regard to the second Commission, the Riverside Commission, it has not been able to function effectively owing to the antagonism which existed between International European interests and the egotistical interests of the Austro-Hungarian monarchy.

Roumania, however, independently of the monopolising tendencies of Austria-Hungary and working for the common good, has made important sacrifices for the improvement of navigation up-stream from Galatz to the Portes-de-Fer; she has created an important merchant fleet and has occupied the first place in riverside traffic. Thus, for instance, in 1910, the river traffic of Roumania figured at 5,837,000 tons against 5,093,000 tons of Hungary and 8,785,000 tons of other riverside countries as a whole.

Further, Roumania for the improvement of navigation and ports, and without levying any navigation tax whatever, spent on technical work more than 115,000,000 fr.

These important sacrifices have even been recognised by her enemies.

The situation of Roumania as regards the Danube was well determined by the assistance given to the European Commission in the fulfilment of its duty of improving navigation at the mouths of the Danube, by its work of improving navigation up-stream from Galatz, carried out by her own means in the common interest, by the free movement of her trading ships, liberty of navigation ensured for all by the intervention of the Police and the application of rules for navigation in her ports and her territorial waters.

(B) *Situation During the War.*

War was responsible for a general upheaval of the organisations established in the general interest of navigation, and resulted in a relative stagnation in the regular functioning of these organisations.

Thus a portion of the vessels and apparatus of the different services of the Danube was, during our retreat, evacuated on the lower part of the river, but the greater portion of the boats and installations of the

⁷ *Foreign Relations*, 1878, p. 895.

State was scuttled, destroyed or transferred to the higher part of the river by the enemy.

After the occupation of a part of Roumanian territory by the enemy, the Danube up-stream from Braila was administered by an enemy organisation called the Zentral-Transport-Leitungsschiff, who adopted the old programme of Austria-Hungary of acquiring complete economic and political authority on the Danube.

With regard to the portion of the Danube down-stream from Braila to the sea, Roumania, as a result of her policy to respect the right of free navigation for all, undertook the care of all apparatus and installations of the European Commission at the mouths of the Danube; she did all in her power to save them from falling into the hands of the Russians and advanced important sums of money for the payment of the Staff and the upkeep of the Commission's ships.

During the war and during the Armistice Roumania cancelled the protection of this institution, continuing as far as her technical means permitted the maintenance of her works at the mouths of the Danube.

(C) Situation During the Armistice.

When the Armistice was signed, the enemy forces, in their retreat, destroyed and transferred to the higher part of the Danube all that was transferable, so that after the Armistice Roumania was only able to place at the disposal of the Danube navigation much reduced facilities, owing to the disappearance of a large part of her ships and to the temporary disorganisation of her special pre-war services.

The Allied armies entering the country and advancing towards the upper part of the Danube, it was necessary to adopt military measures in order to expedite transports by water and by land necessary for the revictualling of the troops spread over the different areas of the left bank of the river.

The first result of the military administration was the division of the Danube into two sectors: that of the Upper Danube—commencing at Orsova and going towards the high part of the Danube, placed by the Allies under the command of Admiral Troubridge; and that of the Lower Danube from Orsova to Sulina, under the command of Captain de Belloy, acting for the Allies.

Later on this first organisation was altered as follows:—

(1) The placing of the Portes-de-Fer Canal, for the passage of vessels, under the control of Admiral Troubridge, and using the Hungarian personnel and material available.

(2) The subdivision of the first sector of the Upper Danube into two new sectors, the division operating from Bala.

As a result of complaints made by the American Relief Mission against the functioning of the services of the Lower Danube, the English Mission being in sympathy with them, a Conference was held at Paris and the following decisions were reached:—

- (1) The military transports will continue to function as in the past.
- (2) The civil and commercial transports will be under one control only for the whole river.

(3) A Commission will be created to undertake the exercise of control and the elaboration of a common law for all the sectors.

This control Commission should possess, in accordance with the instructions of the French General Staff, the following functions:—

- (a) To facilitate the traffic of the relief and trading vessels, in granting permits available in all sectors.
- (b) To ensure the upkeep of the boats and their supplies of fuel and oils wherever necessary.
- (c) To improve as rapidly as possible the means of communication and liaison between the commanders of the various sectors or their representatives.

For the time being the President of the Commission will be Admiral Troubridge, and the French representative Captain de Belloy.

The question of navigation on the Danube as well as on the other rivers giving access to the sea to several States has been discussed at length by the Special Commission instituted at Paris for formulating the clauses of the Treaty of Peace.

The principles established on the basis of these discussions are those of complete liberty and equality for all flags on rivers declared to be international, the Danube having been declared as such on all her navigable course from Ulm to the sea (Articles 331 and 332 of the Peace Treaty with Germany).

This special Commission of International régime of ports and communications by sea and land, working on the basis of the mandate of the Supreme Council has occupied itself specially in considering to the minutest detail the Danube régime, prescribing the special principles mentioned in the Treaty of Peace, such as:—

(1) The European Danube Commission, in which the representatives of Great Britain, France and Roumania only will take part provisionally, will exercise the powers it had before the war (see Article 346).

(2) Starting from the point outside the sphere of the European Commission the network of the waters of the Danube set forth in Article 331 (i. e., the Danube from Ulm to the sea and all the navigable parts of the network of waters giving a natural access to the sea to more than one State) will come under the administration of an International Commission composed of two representatives of the German riverside States, one representative of each riverside State, one representative of each State other than riverside, represented in the future on the European Danube Commission (Article 347).

This Commission will meet as soon as possible after the ratification of the Treaty of Peace (Article 348), and will have under its charge the provisory administration of the river according to Articles 332—

337 of the Peace Treaty with Germany until a special Commission composed of Delegates of the Allied and Associated countries will have worked out a definite statute on the régime of the Danube.

From what has been stated as well as from discussions which took place at the Commission, and which were reported in the minutes of the different meetings, it will be seen that up to the time when a general statute of the Danube régime is established, the pre-war situation must be re-established, both as regards the European Commission on the mouths of the Danube, exception being made of enemy powers, and also as regards Roumania and the higher part of the Danube where the privileges of the Commission end.

The privileges accorded in the last few months by the Navigation Control Commission on the Danube are distinct from the purely military measures of supply, which have been reduced to a minimum since the Allied troops in the West are now only composed of French contingents in these regions which still remain on the old Hungarian territory.

These privileges extend on the contrary to Danube trade in general and by means of navigation permits they touch upon the principle of freedom of navigation on the Danube, declared an international river, a principle also consecrated by the Treaty of Peace.

To reconcile the principles of freedom and equality created by the Peace Treaty, the rights of Roumania before the war, with the supply requirements of the Allied armies, it is to the common interest of all to harmonise the administrative measures of navigation on the Danube until such times as a definite statute has been fixed, in such a way that while respecting the principles consecrated by the Treaty of Peace the interests of the Allied riverside countries may also be protected.

Consequently Roumania requests that the following measures should be adopted:—

(1) The Roumanian State will be endowed with its former pre-war rights and will re-establish the régime of freedom of trade on the Danube, firstly for the Allied States under the reservations brought about by the state of war and the situation created by the enemy.

In order that Roumania may restart her activities on the Danube, the Allied States Command should restore to Roumania all the vessels transferred by the enemy above the Portes-de-Fer.

(2) The régime of complete liberty on the Danube which existed before the war for the flags of all the Allies should be re-established, until such time as the establishment of a definite régime by the Commission appointed by the Treaty of Peace.

The execution of the measures could be made:—

(a) By the assistance which Roumania could give to the Allies in putting the necessary transports at their disposal, but at the same time respecting the right for liberty of trade before the war.

(b) By the limitation of the privileges of the American, English, and French Mission on the Danube to the provisioning of the Allied armies.

(c) The co-ordination of the Roumanian transport service with the régime and traffic in waters of other States (enemy) in the occupation of the Allies will be made by the co-operation of a Roumanian Delegate on American-Anglo-French Commission, and of a representative of this Commission to the Roumanian State.

As regards police and navigation laws, they will be those which existed before the war.

The Roumanian Delegation hopes that the requests she has formulated will be favourably considered, and that the principles of liberty and equality in navigation on the Danube as well as the rights acquired by a sovereign and Allied State will be recognized without any difficulty by the great Allied and Associated Powers.

Appendix 256

Letter From the Greek Delegation Regarding Seizure of River Craft

GREEK DELEGATION TO THE PEACE CONFERENCE
PARIS, July 21, 1919.

THE PRESIDENT

OF THE SUPREME ECONOMIC COUNCIL,

During the enemy occupation of Roumania a large number of units of the river fleet belonging to Greek subjects, namely, tugs, lighters, &c., were sent to the Upper Danube, where they were retained by the enemy.

These units were, after the Armistice, considered by the French Naval Mission as prizes of war. The French Mission, however, declared to the representative of Greece in Roumania that after verification of their nationality they would be returned to their owners. This measure, which had already begun to be executed, has just been reported on by the same French Naval Mission which has made a declaration to the Greek Minister that it has referred the question for decision to the Supreme Economic Council in Paris.

The Greek Minister of Foreign Affairs has the honour to acquaint the President of the Supreme Economic Council with the preceding facts, at the same time asking him to be good enough to submit the question to the Supreme Economic Council in order that the necessary instructions may be given to the French Naval Mission in Roumania to ensure that these boats which have already been sequestrated by the enemy for some considerable time should be restored to their owners.

Appendix 257

*Note for the Supreme Council of Heads of Governments [Regarding]
Resumption of Communications With Germany*

The Special Council, instructed by the Supreme Economic Council, to study the question of the re-establishment of postal relations with Germany, has arrived unanimously at the following decisions which are submitted for the approval of the Supreme Council of the Heads of Governments.

(1) The post offices of the Allied and Associated countries are authorised to enter into direct relations with the German post office for the immediate re-establishment of postal relations as far as ordinary and registered letters, as well as parcel posts, are concerned.

(2) The question of transit through Germany for postal correspondence shall be examined by the ensemble of the Allied and Associated Delegates with the German Delegation at Versailles.

(3) The telegraph offices of the Allied and Associated Powers are authorised to enter into direct relations with the German telegraph office for the provisional re-establishment of telegraphic and telephonic communications.

*(4) The public shall be notified as soon as possible that the postal and telegraphic relations with the non-occupied part of Germany are resumed under the following conditions:—

- (a) Commercial correspondence can be sent under sealed cover.
- (b) Private correspondence can be sent only by postal card.
- (c) The above categories of correspondence may be registered.
- (d) Telegrams must be written in plain language, and only in French, English, Italian, and German.
- (e) Each administration shall announce later the conditions under which the telephonic service shall be resumed.

(5) The services of postal and telegraphic control shall be informed of the above decisions so that they may take in due time the measures which they shall deem necessary.

(6) In submitting to the Supreme Council of the Heads of Governments the above proposals, the Special Council recommends that the resolution of the Communications Section concerning the immediate re-establishment of the international railroad service with Germany be adopted, so as to make the lifting of the blockade effective, and that the Governments concerned be instructed to execute said resolutions.

SEYDOUX
Chairman of Special Committee

JULY 18, 1919.

*Subsequently modified by the Supreme Council (see Appendix 258). [Footnote in the original.]

Appendix 258

Decision by Supreme Council of Principal Allied and Associated Powers [Regarding] Resumption of Communications With Germany⁸

It was decided that the whole question, together with the subsidiary question of parcel post and money orders, raised by the British Delegation, should be put on the Agenda for the following day.

The proposals of the Special Committee were modified in two respects, and were provisionally approved, as follows:—

“(4) The public will be notified as soon as possible that postal and telegraphic relations with non-occupied Germany will be reopened under the following conditions:—

- “(a) Commercial ‘and private’ correspondence can be sent closed.
- “(b) The above-mentioned correspondence can be registered.
- “(c) Telegrams should be written *en clair* and only in the following languages: French, English, Italian, German, or ‘Japanese.’
- “(d) Each administration will later publish the conditions under which telephone service will be restarted.”

JULY 28, 1919.

Appendix 259

Memorandum of the French Delegation Concerning Inter-Allied Control of Foodstuffs

1. It had been hoped that the restoration of peace would allow the different Allied and Associated Governments to suppress State control and the regulations set up during the war.

These national and Inter-Allied organisations were set up exclusively for war purposes, in order to ensure co-operation and mutual aid between nations with a view to defeating the enemy.

The maintenance of national control in peace time only has the effect of allowing certain countries to create for themselves a privileged economic situation compared with other countries.

This state of affairs is liable to create friction between countries, renders impossible any idea of international credits, and discourages work and production.

In principle, therefore, we must desire the speediest possible abolition of all such control.

2. It cannot however be doubted that the war is not yet completely over, that the supplies of some commodities are still less than require-

⁸ See HD-16, minute 4, vol. vii, p. 345.

ments, that tonnage is insufficient to satisfy the demands made on it, and that commerce cannot fulfil its normal role of ensuring supplies.

States must therefore themselves for some time to come ensure the supply of their populations; but they must do so as a measure of liquidation of the state of war.

3. This being admitted, it is necessary that as long as these national controls last there should be Inter-Allied and even international co-operation, so as to avoid a competition between States which would be injurious both to their finances and to their mutual relations.

We therefore propose that an organisation should be maintained in order to co-ordinate national controls as regards wheat, frozen meat, sugar, and various foodstuffs in European countries.

E. V.

JULY 30, 1919.

Appendix 260

[*Memorandum by the Italian Delegation Regarding the] Coal Situation in Italy*

The Italian Delegation has very little to add to what has been repeatedly said regarding the coal situation in Italy. Suffice it to say that, incredible though it may seem, the situation is even worse than it was, and that everything points to a still worse time to come. The railway service is again being reduced, privately-owned coal is being commandeered, and, despite the fact that 500,000 men are already unemployed, strikes are being organised artificially in the most important coal-consuming industries in order to camouflage the situation.

The following features of the case deserve special consideration:

I.

Just recently England has decided to cut down her coal exports to Italy by 56 per cent.* and in an almost equal measure, if not less, to France. Quite apart from the unpleasant effect of such drastic measures (for which, of course, many sound and good reasons can be found), when taken so suddenly and without any previous consultation with the importing countries, it is quite apparent that an equal reduction of exports to France and to Italy leads to quite unequal results, because while France imports only a supplement to her home production, Italy must import from abroad the whole of her coal requirements.

Furthermore, the longer voyage from America reacts in such a way as to make American coal more available to France than to Italy.

*As a matter of fact, the monthly allowance of coal to Italy has been reduced from 750,000 tons to 380,000 tons. [Footnote in the original.]

It is therefore only fair that the proportion of British coal to be exported to Italy should be increased as compared to that to be exported to France, so as to bring about an equal total deficiency in both countries.

II.

The system of the dual price, one for home consumption and one for export, which has been inaugurated in England, is working against the most vital interests of Italy. The difference between these two prices amounts to almost 30s. per ton. This difference is tantamount to a correspondingly increased import duty on goods of Italian origin imported into England, and to a corresponding protection of British industries as against Italian. In the case of Italy it works out more unfavourably than in the case of France, because of the above-mentioned fact that Italy must import from abroad the whole of her national coal requirements.

III.

The question of German coal for Italy, which was brought up in the last memorandum of the Italian Delegation (see letter from Professor B. Attolico to Lord Robert Cecil),⁹ has been temporarily settled by a friendly understanding between Italy and France, whereby the latter leaves to Italy the import for the incoming month (5th August to 5th September) of 175,000 tons of German coal (which France will be unable to import herself owing to transport difficulties) such understanding to be renewed possibly for the next one or two months.

The Supreme Economic Council is requested to ratify this understanding and also to make a general ruling that until the Reparation Commission is in a position to handle this problem, whatever coal France is unable to draw for herself under the priority established by the Peace Treaty, is to be left to Italy.

IV.

It is, however, incumbent upon the Italian Delegation to point out that, in the course of time, the provisional measures stated under III will not be sufficient.

While the dual price system in England (mentioned under II) protects British industries, the low price of German coal, which is assured to France in priority under the Peace Terms, works automatically as a protection of French industries.

If all these conditions remain unchanged, Italy will be precluded altogether from competitive production, and, therefore, the revival of

⁹ See appendix 182, p. 349.

the economic life of Italy will be rendered impossible. It will be appreciated that Italy can only get on her feet again through work. Industrial work, of course, implies the possibility of profitable production, and just now manufacturers in Italy are beginning to realise that the cost of raw materials, plus freight, plus coal, plus wages, is such as not to allow of any competitive production for export purposes, while production for the home market is rendered so expensive that it reacts on the cost of living in a way to bring about the collapse of the whole economic organism of the country, which is dependent for its existence on low cost of living. Italians are known all over the world as very industrious and hard-working people; but if work is rendered impossible, then life also is impossible. The question is an extremely grave and far-reaching one.*

V.

Some of the facts above mentioned prove that the question of coal will necessarily remain for many months to come a matter of great international concern, if anything like economic equality, such as will ensure fairly equal chances of working and producing, is to be secured and the foundations of peace maintained.

Those countries which are happy enough to possess coal, other important raw materials and freight, possess something on which not only their own life, but also the life of all other countries depends. Some limitation to the unlimited free use of these resources is necessary if world-life is to be assured.

In no other case, therefore, is international co-operation and mutual help—not mere consultation—so essential as in the case of coal.

B. ATTOLICO

LONDON, July 31, 1919.

Appendix 261

Memorandum From the Director-General of Relief on the Coal Situation in Europe

I desire to again raise to the Council the coal situation in Europe.

Under the direction of the Supreme Council and the Supreme Economic Council, my administration undertook the promotion of production and, so far as possible, to control the distribution of coal

*Steel and iron are also fundamental requirements for all countries. Scarce and dear coal reacts enormously on the Italian production of the same, which has never been so low as it is at present since 1915. On the other hand, supplies of cast-iron and steel are extremely difficult to obtain and Great Britain is unable to supply Italy with the minimum quantity we require from that country. [Footnote in the original.]

during the Armistice in Central and Eastern Europe. A considerable staff has been employed upon this labour, and numerous agreements and undertakings entered upon, involving the old States of Austria, the Balkans, Poland, and to some extent Germany. While the results could not be ideal, they have at least served to maintain sufficient supplies for the transportation of municipal and domestic services necessary to maintain life. With the ending of the Armistice (and this authority) and with the superimposition of the Reparation Commission over a considerable part of this problem, the supervision which we have exerted must necessarily cease.

Colonel A. C. Goodyear and Colonel W. G. Atwood of our staff have compiled a summary (see Appendix) of the 1913 production and consumption of the principal countries in Europe (excluding Russia and the Balkan States), and have also conducted a careful enquiry into the probable production during the year 1919, based upon the experience of the first six months of the year. The net result shows that from a production of about 679,500,000 tons in the principal countries in Europe (except Russia) the production in these States has fallen to a rate of about 443,000,000 tons per annum. Of the 1913 production above mentioned, about 614,000,000 tons were consumed in these States (i. e., outside the Balkan States and export markets foreign to Europe). In other words, the production has fallen approximately 236,500,000 tons, or down to 65 per cent. of normal production. The consumption cannot be decreased in this ratio (35 per cent.) upon certain vital consumers, such as transportation and municipal and other essential services, so that a shortage for manufacture and household use must be on a far greater ratio. Beyond this, the very natural tendency of productive countries to reserve a larger degree of their normal consumption will and does result in an undersupply to the non-producing countries far below a 35 per cent. reduction. Furthermore, the summer accumulation against winter use has not been in progress, and therefore the hardships of the coming winter are even further increased.

It seems almost unnecessary to repeat the causes of this diminished production, but they may be again summarised as due to certain specific causes which in fact are much the same in all productive industries.

To a minor degree, compared with the whole, there has been a loss of equipment and skill due to the war; there has been a retardation of advance exploitation during the war; there has been a relaxation of effort as a reflex from the physical exhaustion of large sections of the population through privations and the mental and physical strain of the war; there is a shortage of railway rolling stock for prompt movement from the mines; there has been an unsettlement of political destiny of a number of coalfields by the Peace terms; and, above all,

the proper and insistent demand of labour for higher standards of living in the general unbalance of economic conditions has been manifested in repeated strikes and other deterrents to production. Unfortunately, European labour at many points has become infected with the theory that the limitation of effort below physical necessity and the obstruction of labour-saving devices will increase their own comfort and improve their conditions. In turn, the reactions from undue profits earned by proprietors during the war has brought a shock to the theory of private ownership, which has discouraged further investment and consequently a renewed opening of new areas which the maintenance of production demands. All these causes are operating to varying degree in different localities, but their summation is shortage of production below the living necessity of the population of Europe.

With the arrival of a harvest and thus the solution of immediate food pressure, the problem of coal now comes to the front as the greatest menace to the stability and life in Europe. It is a problem domestic to Europe and incapable of solution from the United States. Disregarding all other questions, an additional load of 1,000,000 tons per month on American ports would indeed be a large tax in the face of the trebling of the United States food exports above pre-war normal. Furthermore, even such a tonnage would entail a tax on the world's shipping that cannot but affect freight rates generally. With a shortage in production of 20,000,000 tons per month a contribution of even double this amount from the United States would be but little help.

The solution of the problem demands, first, increased production and, second, organisation of distribution.

It would perhaps contribute to the first problem if the coal miners and coal owners of all Europe could be brought to a realisation that the fate of European civilisation now rests in their hands to a degree equal to—if not greater than—in the hands of providers of food supplies during the next year.

The solution of the second problem—distribution—is vital if the non-producing States are not to collapse, and in its conduct it should be possible to force the maximum production in those States who are partially supplied.

I urgently recommend that some form of coal control should be set up in Europe with view to the stimulation of production and to secure a distribution that will maintain the essential services upon which economic and political stability must rest. The problem cannot be solved for any one European country alone, but the energies of all must be enlisted and the position of all must be considered. It is purely a domestic problem for Europe.

HERBERT HOOVER

APPENDIX

In the figures below the following omissions and assumptions have been made on account of there being no information available:

Russia and Hungary are not considered.

Spain: production has so increased since 1913 that local needs can be provided for.

Bulgaria, Roumania, Turkey, Greece, and Greater Serbia are also omitted from the statistics.

The 1913 coal production and consumption in the other countries of Europe, based as nearly as possible on the boundary lines established by the Peace Treaties, were as follows:—

	Production	Consumption
Austria.....	2, 250, 000	12, 000, 000
Belgium.....	23, 000, 000	26, 000, 000
Czecho-Slovakia*	32, 000, 000	24, 500, 000
Denmark.....		3, 785, 000
France†.....	58, 000, 000	79, 000, 000
Germany‡.....	262, 000, 000	228, 500, 000
Great Britain.....	292, 000, 000	192, 000, 000
Holland.....	1, 900, 000	6, 305, 000
Italy.....		11, 000, 000
Luxemburg.....		3, 800, 000
Norway.....		2, 284, 000
Poland.....	8, 000, 000	15, 500, 000
Sweden.....		6, 195, 000
Switzerland.....		3, 500, 000
Total.....	679, 150, 000	614, 369, 000

* Including Ostrau-Karwin (Teschen).

† Including Saar.

‡ Including Upper Silesia.

The coal-producing countries, listed below, are now producing at about the following annual rate, the second column being the percentage of 1913 production listed:—

	Production	Percentage
Austria.....	1, 600, 000	71
Belgium.....	19, 000, 000	83
Czecho-Slovakia.....	25, 000, 000	78
France.....	23, 000, 000	40
Germany.....	180, 000, 000	69
Great Britain.....	183, 000, 000	62
Poland.....	6, 000, 000	68
Other States in previous tables.....	5, 400, 000	Uncertain.
Total.....	443, 000, 000	65

Appendix 262

Note on the Future Functions of the Sub-Committee on Germany

The Sub-Committee on Germany was appointed to fulfil three main functions :—

1. To co-ordinate the work of the different sections of the Supreme Economic Council in respect of current economic negotiations with Germany.
2. To centralise communications on current economic negotiations with the German Economic Delegation at Versailles.
3. To give directions in the name of the Supreme Economic Council to the Inter-Allied Rhineland Commission.

As regards Function 1, it is not clear to what extent the work referred to will be covered by the work of the Reparation Commission.

Function 2 disappears with the termination of the Armistice. With special reference to paragraph 1, it could be decided that the work of the Sub-Committee should lapse either (a) when outstanding economic questions are disposed of (see Schedule attached), or (b) when such outstanding questions can be handed over to any body appointed by the Allied and Associated Governments to deal with them. In this connection it should be noted that in the absence of any such body formally constituted, there might be a break in the continuity if the Sub-Committee on Germany were to be dissolved before the creation of a body to take up the work upon which it had been engaged.

Pending the creation of the Inter-Allied Rhineland High Commission, the Sub-Committee is the body to which the Inter-Allied Rhineland Commission looks for instructions in economic matters. It is to be presumed that the High Commission will be appointed in time to enter upon its duties coincidently with the ratification of the Peace Treaty, by three of the great Allied and Associated Powers, but it should be pointed out :—

- (a) That the Allied and Associated Governments have as yet taken no steps to appoint the personnel of the High Commission.
- (b) That there are signs that the ratification required may not be so speedy as had been anticipated. In these circumstances it would seem desirable that the Sub-Committee on Germany should continue to fulfil the function of directing the existing Rhineland Commission, on such economic matters as do not come within the scope of the Reparation Commission, until such time as it is replaced by the High Commission.

In the memorandum attached to the Rhineland Convention, and initialled by the Council of Four,¹⁰ it is provided that the High Com-

¹⁰ See appendix III to CF-64, vol. vi, p. 393.

mission is to be responsible in economic matters to the Supreme Economic Council or whatever body is appointed to take the place of the Supreme Economic Council. It would seem desirable that, at any rate, during the preliminary period of the existence of the High Commission, the High Commission should continue to be responsible to and to take instructions from some Inter-Allied body on such economic matters as do not come within the scope of the Reparation Commission. Expediency alone will suggest that it is not desirable that the preliminary work of the Commission in this respect should be regulated by correspondence between Coblenz and the capitals of the Allied and Associated Powers.

It is therefore suggested that the Sub-Committee on Germany should be empowered to continue whenever necessary to correspond and consult with the Inter-Allied Rhineland High Commission on such economic matters as may require decision by an Inter-Allied body, and do not come within the scope of the Reparation Commission.

It has been generally assumed that with the lifting of the blockade Germany will be able to obtain through private credits a sufficient supply of food and raw materials to meet her chief needs. The abolition of the Rotterdam Food Commission and the lapse of the Brussels Agreement will produce a situation which would be fraught with grave danger to Europe in the event either of Germany not being able to obtain sufficient quantities of food and raw materials, or of Germany obtaining such quantities at the cost of increased prices in the world market. Such a situation should not be allowed to arise unforeseen. Whilst the Reparation Commission will be concerned solely with forcing Germany to pay reparation, there will almost inevitably be, in the disturbed state of Europe, economic questions affecting the rest of the world and the rest of Europe with which the Reparation Commission is not itself concerned. It may be convenient to have a Sub-Committee so that it might be possible without special formalities to call an informal conference to consider the relations of the German problem with these other problems.

Further, the Reparation Commission will probably not get into full working order for several weeks, during which time events of considerable importance may take place. It is suggested, therefore, that the Sub-Committee should adjourn sine die, so that if it is thought necessary to call it together again at the recommendation of two or more of the Allies it could meet and would report, as the case might be, at the time of its meetings, either to the Supreme Economic Council or to the International Economic Council.

[Enclosure]

*Report by the Secretary, Sub-Committee on Germany, on Outstanding
Matters Requiring Settlement**Twelfth Meeting.*

Reference Minute 88. Recent political developments in the Rhine-land.

No reply has yet been received to the Sub-Committee's memorandum (No. 64)¹¹ to the Council of Heads of States.

Reference Minute 89. Dyestuffs for Czecho-Slovakia, memorandum (No. 66).¹²

No reply has been received from the Dyestuffs Committee of Raw Materials Section.

Thirteenth Meeting.

Reference Minute 97. Diversion of coke for French blast furnaces.

No reply has so far been received from the French authorities in connection with this matter.

Fourteenth Meeting.

Reference Minute 108. Negotiations arising under the Luxembourg Protocol.

An agreement has been reached as regards quantities to be supplied, but the question of prices of minette ore still remains unsettled.

Fifteenth Meeting.

Reference Minute 135. Personnel of the I. A. R. H. C. under the Convention.

Names of High Commissioners to be communicated through various Foreign Offices concerned to Allied Governments concerned.

Sixteenth Meeting.

Reference Minute 143. Trade restrictions on Germany during the period between the raising of the blockade and the coming into force of the Peace Treaty.

The resolutions of the Sub-Committee were referred to the Organisation Committee of the Reparation Commission, which body has so far made no reply.

Seventeenth Meeting.

Reference Minute 148. Organisation under the Convention of the I. A. R. H. C. Memorandum (No. 124)¹² by the Sub-Committee to the Council of Five.

Up to the present this question has not been discussed by the Council of Five.

Eighteenth Meeting.

Points on the agenda.

¹¹ Not attached to file copy of the minutes; see, however, minute 211 and appendix 188, pp. 348 and 358.

¹² Not attached to file copy of the minutes.

Appendix 263

[*Letter From the*] Committee on Organisation of the Commission of Reparation

JULY 30, 1919.

MR. PRESIDENT: I beg to inform you that the Committee on Organisation of the Reparation Commission has agreed that the Shipping Section of your Council should be asked to consider a scheme for the repartition of enemy tonnage, and to collect as soon as possible such statistical data as will enable the Reparation Commission to come to a decision with full knowledge.

It is understood that this measure will be provisional, and that the Reparation Commission retains full right to determine what organisation they desire to deal with shipping questions.

I am [etc.]

LOUCHEUR

THE PRESIDENT,

Supreme Economic Council, Paris.

Appendix 264

*Decision by Supreme Council of Allied and Associated Powers
[Regarding the] Use of Adriatic Ports for Serbian Supplies*¹²

JULY 28, 1919.

M. Tittoni said that he would give telegraphic orders that goods destined for Serbia through the port of Fiume should proceed immediately, and that the revictualling of Jugo-Slavia in food, clothes, petroleum and other goods at present waiting at Fiume, should not be hampered by the interruption of communication, as the forwarding of these goods was of vital importance for the army and population of Jugo-Slavia.

Note was taken of M. Tittoni's declaration regarding the orders given by him three days previously for the resumption of transit by land.

M. Tittoni agreed to the use by the Serbians of Fiume as a port of transit, provided the French base or the Italian commissariat be used exclusively. The choice of either should be left with the Serbians.

¹² See HD-16, minute 6, vol. VII, p. 350.

Appendix 265

[*Letter From the] Greek Delegation to the Peace Congress
[Regarding] Greek Stocks in Russia*

PARIS, July 22, 1919.

The Greek Minister of Foreign Affairs has the honour to bring to the notice of the President of the Supreme Economic Council that large stocks of tobacco and other goods of a total value of over 50 millions belonging to Greek merchants, are held up at Crimean ports. On the other hand, the Greeks who have remained in South Russia are threatened with famine, and it is a matter of great urgency that provisions and merchandise of the first necessity should be furnished for them. It would be necessary, in consequence, that the permits required by the Allied Naval Authorities at Constantinople should be granted to certain Greek steamers to enter the Black Sea on their way to Crimean ports. These ships which would be loaded with provisions and goods of the first importance could, on their return journey, transport in whole or in part the stocks of merchandise mentioned above.

The Minister of Foreign Affairs has the honour to beg the President of the Supreme Economic Council to be good enough, in taking into account the large Greek interests which are threatened, and the urgency of supplying the Greek inhabitants of the Crimea, to submit this question to the Supreme Economic Council in order that instructions in this sense may be forwarded to the Naval Command at Constantinople.

THE PRESIDENT,
Supreme Economic Council.

Appendix 266

*Memorandum From Director-General of Relief [(Hoover) Giving
a] Forecast of Situation in Bread Grains*

The present date gives the last opportunity for pre-harvest forecast. The next available figures will be harvest data, of little additional value until the 1st September. Wheat has continued to deteriorate in the United Kingdom. It has not improved in France and Italy. Bread grains have improved in Germany and Hungary, and have held their own in Czecho-Slovakia. Bread grains have held their own in the south-east, but the maize is so retarded, the conditions so poor and the climatic prospects, on the basis of experience, so unfavourable that we must fear a maize crop so small as to exclude the possibility

of exportation of any material amount of wheat. Crops in Denmark and Sweden are stated to have improved and with regular heavy carry-overs, their import requirements will tend to be lower.

The condition of spring wheat in the United States and Canada has deteriorated so rapidly and so gravely as to have reduced the figure for exportable surplus from North America very heavily. The conditions for the new crop in India are favourable, in the Argentine unfavourable. The margin of safety between import demands and exportable surplus has been notably narrowed during the past month.

JULY 24, 1919.

[Enclosure]

FINAL PRE-HARVEST FORECAST, JULY 20

Bread Grains

[Thousands of Tons.]

Country	Crop Ex-Seed	Minimal Consumption	Maximal Consumption	Minimal Import	Maximal Import
WESTERN EUROPE					
United Kingdom.....	1,500	7,300	8,100	5,330	6,600
France.....	5,700	7,380	10,350	1,880	4,550
Italy.....	4,000	7,000	7,200	3,000	3,200
Belgium.....	340	1,350	2,380	1,010	2,020
Finland.....	250	650	800	400	550
Norway.....	30	380	410	350	380
Sweden.....	710	1,010	1,100	300	390
Denmark.....	410	540	920	130	520
Holland.....	470	1,190	1,460	720	990
Switzerland.....	140	610	680	470	540
Spain.....	3,780	3,780	3,900	.....	120
Total.....	17,330	31,190	37,300	13,390	19,860
EASTERN EUROPE					
Germany.....	8,500	11,160	12,230	3,000	4,250
Austria.....	520	1,350	1,460	810	940
Hungary.....	1,850	1,800	1,860	.....	210
Poland.....	4,000	4,860	5,900	800	1,200
Czecho-Slovakia.....	1,720	2,160	2,780	200	400
Roumania.....	2,050	1,800	3,240	.....	.....
S. H. S.....	1,240	1,350	2,000	.....	.....
Bulgaria.....	1,160	900	960	.....	.....
Total.....	21,040	25,380	30,430	4,810	7,000
GRAND TOTAL.....	38,370	56,570	67,730	18,200	26,860

PROBABLE EXPORT SURPLUSES

	Minimal	Maximal
United States.....	10,000	11,000
Canada.....	1,500	2,000
The Plate.....	2,500	4,000
Australia.....	2,000	4,000
Total.....	16,000	21,000

In the event of a good maize yield per average in Roumania, Bulgaria, and S. H. S., they will have between 1,000 and 1,500 for export, but with present maize forecast this is very improbable.

Appendix 267

[*Cablegrams From Major Green, Head of the American Mission at Tiflis, to the Director General of Relief (Hoover)*] [

COPY OF CABLEGRAM SENT MR. HOOVER BY MAJOR GREEN, HEAD OF THE AMERICAN MISSION AT TIFLIS

Following from Green, Tiflis:—

“July 23. Long conference with Armenian President to-day. See joint telegram to-day's date from chiefs American organisations and see despatches sent by French and British. Situation growing worse. Turkish Army well prepared and Tartars advancing from three sides. If military protection is not in Armenia immediately disaster will be more terrible than massacres of 1915, and the Armenian nation will be crushed to everlasting shame of Allied Powers. Predict that relief work will become impossible in present situation unless order is restored. Cannot something be done to have British forces in Caucasus intervene to save Armenia? Please acknowledge by telegraph.

GREEN, Bristol.”

COPY OF CABLEGRAM SENT MR. HOOVER BY MAJOR GREEN, HEAD OF THE AMERICAN MISSION AT TIFLIS

[Received July 29, 1919.]

Turks and Tartars advancing. In districts of Karabagh and [Gezus?] they now occupy approximately reopened territory of Russian Armenia. Khalil Bey, Turkish colonel now in command Azerbaidjan Tartars. Relief depots and relief trains surrounded and probably seized. British state orders from above prevent their interfering. Armenian Government and people almost in despair. General mobilisation ordered yesterday taking away men just as harvest begins. We shall not be able to carry on relief work much longer unless British receive orders to clear all Russian Armenia including Karabagh and [Gezur?] of Turk and Tartar forces.

GREEN, Bristol.

COPY OF CABLEGRAM SENT MR. HOOVER FROM MAJOR GREEN, HEAD OF THE AMERICAN MISSION AT TIFLIS

Hoover, Paris.

[Received July 29, 1919.]

Following from Green, Tiflis. Quote M. U. D. 40 of 26th July:—

“Relief work in Russian Armenia cannot be safeguarded unless European troops are sent to that country. See accurate and conservative report on situation by Moore of the 24th July.

"Your M. U. D. [500] 26 and identic telegram from Clemenceau to French Mission arrived. Garbled but sense sufficiently clear. Note has been sent to Georgian Government by French Mission.

GREEN, Bristol."

Appendix 268

Report of July 1, 1919 [of the] Allied Maritime Transport Executive [Regarding] German and Austro-Hungarian Tonnage Assigned to Allied Management During the Armistice

ASSIGNMENT—DELIVERIES—EMPLOYMENT

The accompanying tables show, as at the 1st July, the tonnage of German and Austrian steamers delivered to the Allied and Associated Governments, and their employment at that date.

During the month of June, deliveries have continued steadily, and the tonnage in German and Austrian ports due to be delivered under the Armistice has practically all been handed over.

With regard to the tonnage in neutral ports, the delivery of steamers in Holland is well in hand, while that of steamers in Spanish ports is almost complete.

As to steamers in South American and Dutch East Indian ports, delivery has been unavoidably delayed owing to the difficulty of dealing at a distance with complicated questions such as disposal of cargoes on board, repairs, repatriation of crews, &c., but these points are now in course of settlement.

As regards crews, the position continues to be that no difficulty is found in manning the German and Austrian vessels with Allied crews.

JULY 1919.

[Enclosure]

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C.—German Tonnage:—

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9. Employment (summarised for May—July 1919).

1.—ASSIGNMENT OF GERMAN AND AUSTRO-HUNGARIAN TONNAGE TO ALLIED
MANAGEMENT, JULY 1, 1919

[Steamers of 500 gross tons and over.]

Assignment	Total			Austro-Hungarian			German		
	No.	Gross Tonnage	Dead- weight	No.	Gross Tonnage	Dead- weight	No.	Gross Tonnage	Dead- weight
Italy—									
Long-distance passenger.	25	145,902	144,008	25	145,902	144,008	.....	.....	.....
Other passenger (or pas- senger and cargo).....	39	81,651	82,375	39	81,651	82,375	.....	.....	.....
Cargo.....	108	366,058	584,339	108	366,058	584,339	.....	.....	.....
Cable.....	1	2,691	1,050	.....	.....	.....	1	2,691	1,050
Total.....	173	596,302	811,772	172	593,611	810,722	1	2,691	1,050
France—									
Long-distance passenger.	10	83,046	77,944	.....	.....	.....	10	83,046	77,944
Other passenger (or pas- senger and cargo).....	19	28,013	23,412	13	22,221	23,412	6	5,792	.....
Cargo.....	104	376,903	599,953	18	52,455	82,681	86	324,448	517,272
Total.....	133	487,962	701,309	31	74,676	106,093	102	413,286	595,216
Great Britain—									
Long-distance passenger.	34	275,043	254,738	.....	.....	.....	34	275,043	254,738
Other passenger.....	5	6,715	.....	.....	.....	.....	5	6,715	.....
Cargo.....	196	866,532	1,358,213	.....	.....	.....	196	866,532	1,358,213
Cable.....	1	4,630	2,000	.....	.....	.....	1	4,630	2,000
Total.....	236	1,152,920	1,614,951	.....	.....	.....	236	1,152,920	1,614,951
United States—									
Long-distance passenger.	18	250,802	188,926	.....	.....	.....	18	250,802	188,926
Other passenger (or pas- senger and cargo).....	1	647	780	1	647	780	38	200,836	312,379
Cargo.....	38	200,836	312,379	.....	.....	.....	.....	.....	.....
Total.....	57	452,285	502,085	1	647	780	56	451,638	501,305
Belgium—									
Cargo.....	4	8,050	12,800	.....	.....	.....	4	8,050	12,800
Total—									
Long-distance passenger.	87	754,793	665,616	25	145,902	144,008	62	608,891	521,608
Other passenger (or pas- senger and cargo).....	64	117,026	106,567	53	104,519	106,567	11	12,507	.....
Cargo.....	450	1,818,379	2,867,734	126	418,513	667,020	324	1,399,866	2,200,714
Cable.....	2	7,321	3,000	.....	.....	.....	2	7,321	3,000
Grand total.....	603	2,697,519	3,642,917	204	668,934	917,595	399	2,028,585	2,725,322

2.—EMPLOYMENT OF GERMAN AND AUSTRO-HUNGARIAN TONNAGE ASSIGNED TO ALLIED MANAGEMENT, JULY 1, 1919

[Steamers of 500 gross tons and over]

Employment, July 1, 1919	Total			Austro-Hungarian			German		
	No.	Gross Tonnage	Dead-weight	No.	Gross Tonnage	Dead-weight	No.	Gross Tonnage	Dead-weight
German relief.....	117	577,532	919,911	3	7,367	11,275	114	570,165	908,636
Other European relief.....	82	332,962	510,498	75	309,707	472,349	7	23,255	37,649
Allied importing services.....	20	74,888	120,520	10	35,528	58,284	10	39,360	62,236
Mediterranean and Adriatic merchant services.....	44	85,670	94,437	44	85,670	94,437	.....	.....	.....
Allied military and naval services.....	92	567,535	527,740	45	131,750	154,753	47	444,785	372,987
Total in active service.....	355	1,647,587	2,173,106	177	570,022	791,598	178	1,077,565	1,381,508
Repairing or refitting.....	75	302,399	402,513	21	70,325	87,347	54	232,074	315,166
Otherwise unemployed or employment unreported.....	33	91,835	135,025	.....	.....	.....	33	91,835	135,025
Total delivered, but inactive.....	108	394,234	537,538	21	70,325	87,347	87	323,909	450,191
Assigned, but not delivered: Total.....	140	655,698	932,273	6	28,587	38,650	134	627,111	893,623
Grand total assigned to Allied management.....	603	2,697,519	3,642,917	204	668,934	917,595	399	2,028,585	2,725,322

NOTE.—The only vessels under 500 gross tons are Austro-Hungarian vessels, principally under Italian management, employed in the Adriatic, aggregating about 20,000 gross tons.

3.—ASSIGNMENT OF AUSTRO-HUNGARIAN TONNAGE TO ALLIED MANAGEMENT, JULY 1, 1919

[Steamers of 500 gross tonnage and over.]

Assignment for Management to—	Total			Passenger or Passenger and Cargo			Cargo		
	No.	Gross Tonnage	Dead-weight	No.	Gross Tonnage	Dead-weight	No.	Gross Tonnage	Dead-weight
Italy.....	172	593,611	810,722	64	227,553	226,383	108	366,058	584,339
France.....	31	74,676	106,093	13	22,221	23,412	18	52,455	82,681
Great Britain.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
United States.....	1	647	780	1	647	780	.....	.....	.....
Total assigned*.....	204	668,934	917,595	78	250,421	250,575	126	418,513	667,020

*Including 2 vessels launched and completing, but excluding 12 completed vessels not yet requisitioned.

4.—EMPLOYMENT OF AUSTRO-HUNGARIAN TONNAGE UNDER ALLIED MANAGEMENT,
JULY 1, 1919

[Steamers of 500 gross tonnage and over.]

	Total			Italian Management		French Management		British or American Management	
	No.	Gross Tonnage	Dead-weight	No.	Gross Tonnage	Dead-weight	No.	Gross Tonnage	Dead-weight
I.—German relief cargoes— From West Africa (Total).....	3	7,367	11,275	....	....	....	3	7,367	11,275
II.—Other European relief cargoes— From United States.....	53	224,395	339,990	52	220,617	333,790	1	3,778	6,200
" Plate.....	18	65,379	103,754	12	40,553	64,634	6	24,826	38,150
" Australia.....	3	17,182	24,325	3	17,182	24,325	....	....	....
" West Africa.....	1	2,751	4,750	....	....	....	1	2,751	4,750
Total.....	75	309,707	472,849	67	278,352	422,749	8	31,355	50,100
III.—Allied importing or other merchant service, other than Mediterranean— United States: cargo from Italy.....	2	7,008	11,755	2	7,008	11,755	....	....	....
United Kingdom: cargo from Italy.....	1	1,224	3,579	1	1,224	3,579	....	....	....
Italy: coal from United Kingdom.....	4	17,044	27,100	4	17,044	27,100	....	....	....
Italy: cargo from France	3	10,252	15,850	3	10,252	15,850	....	....	....
Total.....	10	35,523	58,284	10	35,523	58,284	....	....	....
IV.—Mediterranean and Adriatic service— Adriatic lines.....	31	44,652	50,826	31	44,652	50,826	....	....	....
Other Adriatic trades.....	3	3,568	5,200	3	3,568	5,200	....	....	....
Mediterranean lines.....	10	37,450	38,411	10	37,450	38,411	....	....	....
Total.....	44	85,670	94,437	44	85,670	94,437	....	....	....
V.—Allied military and naval services— Italian military service.....	15	45,482	53,685	15	45,482	53,685	....	....	....
French military and naval service.....	18	32,189	39,481	....	....	....	18	32,189	39,481
British military service.....	3	16,324	15,225	3	16,324	15,225	....	....	....
American military service.....	2	12,692	16,327	2	12,692	16,327	....	....	....
" naval service.....	1	647	780	....	....	....	....	....	1 647 780
Other Allied military service— Trooping.....	5	21,217	24,605	5	21,217	24,605	....	....	....
Supplies.....	1	3,199	4,650	1	3,199	4,650	....	....	....
Total.....	45	131,750	154,753	26	98,914	114,492	18	32,189	39,481
VI.—Repairing or refitting for— German relief.....	1	2,321	3,524	....	....	....	1	2,321	3,524
European relief.....	10	45,306	62,161	10	45,306	62,161	....	....	....
Allied importing services— trades.....	2	5,848	9,483	2	5,848	9,483	....	....	....
Mediterranean and Adriatic	4	5,234	4,636	4	5,234	4,636	....	....	....
Military or naval service.....	3	9,739	5,103	2	8,295	3,390	1	1,444	1,713
Services unassigned.....	1	1,877	2,440	1	1,877	2,440	....	....	....
Total.....	21	70,325	87,347	19	66,560	82,110	2	3,765	5,237
VII.—Otherwise unemployed or employment unreported— Total.....	....	....	....	....	....	....	....	....	....

* American management.

4.—EMPLOYMENT OF AUSTRO-HUNGARIAN TONNAGE UNDER ALLIED MANAGEMENT,
JULY 1, 1919—Continued

	Total			Italian Management		French Management		British or American Management				
	No.	Gross Tonnage	Dead-weight	No.	Gross Tonnage	Dead-weight	No.	Gross Tonnage	Dead-weight	No.	Gross Tonnage	Dead-weight
VIII.—Assigned, but not yet delivered—												
In other ports.....	4	13,427	21,150	4	13,427	21,150						
Launched and completing.....	2	15,160	17,500	2	15,160	17,500						
Total.....	6	28,587	38,650	6	28,587	38,650						
Grand total of tonnage assigned to Allied management.....	204	668,934	917,595	172	593,611	810,722	31	74,676	106,093	1	647	780
NOTE.—Tonnage unassigned—												
Launched and completing.....	9	50,400										
On stocks.....	12	63,220										
In foreign ports.....	1	4,238										
Subject of enquiry.....	1	540										
Total.....	23	118,398										

5.—EMPLOYMENT OF AUSTRO-HUNGARIAN TONNAGE UNDER ALLIED MANAGEMENT,
MAY—JULY 1919

[Steamers of 500 gross tons and over.]

Service	May 1			June 1			July 1		
	No.	Gross Tonnage	Dead-weight	No.	Gross Tonnage	Dead-weight	No.	Gross Tonnage	Dead-weight
I.—Employed in merchant services—									
German relief.....							3	7,867	11,275
European relief—									
North Atlantic cargoes.....	37	148,341	228,895	51	216,614	327,035	53	224,395	339,990
South Atlantic cargoes.....	3	8,989	13,350	10	33,123	51,619	18	65,379	103,734
Australian cargoes.....	2	10,105	17,750	3	17,182	24,325	3	17,182	24,325
West African cargoes.....				6	16,297	25,899	1	2,751	4,750
Italian imports.....	4	13,028	20,679	9	36,059	56,979	7	27,296	42,950
French imports.....	1	3,778	6,200				1	1,224	3,579
United Kingdom imports.....							2	7,008	11,755
United States imports.....	3	12,117	19,650						
Mediterranean and Adriatic services.....	39	68,403	79,463	45	81,675	95,953	44	85,670	38,411
Total in merchant services.....	89	264,761	385,987	124	400,950	581,810	132	438,272	580,819
II.—Employed in military and naval services—									
Italian military service.....	15	47,212	57,820	14	44,670	52,685	15	45,482	53,685
French military or naval service.....	19	40,260	50,983	20	36,861	45,676	18	32,189	39,481
British military service.....	3	16,244	15,280	5	27,596	22,080	3	16,324	15,225
American military and naval services.....	6	36,862	37,157	3	13,339	17,107	3	13,339	17,107
Other Allied military service.....	6	29,403	33,325	7	31,789	39,885	6	24,416	29,255
Total in military and naval services.....	49	169,981	194,565	49	154,255	177,433	45	131,750	154,753

5.—EMPLOYMENT OF AUSTRO-HUNGARIAN TONNAGE UNDER ALLIED MANAGEMENT,
MAY-JULY 1919—Continued

Service	May 1			June 1			July 1		
	No.	Gross Tonnage	Dead- weight	No.	Gross Tonnage	Dead- weight	No.	Gross Tonnage	Dead- weight
III.—Not in active service— Repairing and refitting for— German relief.....							1	2,321	3,524
European relief.....	32	121,482	183,981	13	51,452	78,981	10	45,306	62,161
Allied importing services— Mediterranean and Adriatic trades.....	7	28,122	45,798	2	5,759	9,573	2	5,848	9,483
Military or naval service.....	9	15,902	17,712	3	4,966	4,120	4	5,234	4,636
Services unassigned.....	8	29,118	25,088	3	9,544	5,158	3	9,739	5,103
Employment unreported.....	1	1,877	2,440	1	1,877	2,440	1	1,877	2,440
Total not in active service.....	58	197,021	285,153	22	73,598	100,272	21	70,825	87,347
IV.—Assigned, but not yet delivered— Launched and completing.....	2	15,160	17,500	2	15,160	17,500	2	15,160	17,500
In foreign ports.....	7	25,795	39,480	6	22,607	34,980	4	13,427	21,160
Total assigned, but not delivered.....	9	40,955	56,980	8	37,767	52,480	6	28,587	38,650
Grand total.....	205	672,718	922,685	203	666,570	911,995	204	668,934	861,569

6.—ASSIGNMENT OF GERMAN TONNAGE TO ALLIED MANAGEMENT, JULY 1, 1919

[Steamers 500 gross tons and over]

Assignment	Total		
	No.	Gross Tonnage	Dead weight
Long Distance Passenger— France.....	10	83,046	77,944
Great Britain.....	34	275,043	254,738
United States.....	18	250,802	188,926
Total.....	62	608,891	521,608
Other Passenger*— France.....	6	5,792	.....
Great Britain.....	5	6,715	.....
Total.....	11	12,507	.....
Cargo Vessels— France.....	36	324,448	517,272
Great Britain.....	106	866,532	1,353,213
United States.....	38	200,836	312,379
Belgium.....	4	8,050	12,800
Total.....	324	1,399,866	2,200,664
Cable Ships— Italy.....	1	2,691	1,050
Great Britain.....	1	4,630	2,000
Total.....	2	7,321	3,050
Total— Italy.....	1	2,691	1,050
France.....	101	412,140	595,216
Great Britain.....	286	1,152,920	1,614,951
United States.....	56	451,638	501,305
Belgium.....	5	9,196	12,800
Grand Total.....	399	2,028,585	2,725,322

*Small passenger vessels—no information is at present available as to the deadweight in the case of these vessels.

7.—DELIVERY OF GERMAN TONNAGE TO ALLIED MANAGEMENT, JULY 1, 1919

[Steamers 500 gross tons and over.]

Assignment	No.	Gross Tonnage	Dead weight
France—			
Long Distance Passenger.....	11	92,201	89,994
Cargo	67	254,987	409,709
Small Passenger.....	2	2,225	?
Total.....	80	349,413	.....
Great Britain—			
Long Distance Passenger*.....	31	225,932	224,098
Cargo.....	130	595,026	932,318
Small Passenger.....	2	2,454	?
Cable Ship.....	1	4,630	2,000
Total.....	164	828,042	.....
United States—			
Long Distance Passenger.....	10	188,751	127,305
Total.....	10	188,751	127,305
Total Deliveries—			
Long Distance Passenger.....	52	506,884	441,347
Cargo.....	197	850,013	1,342,027
Small Passenger.....	4	4,679	?
Cable Ship.....	1	4,630	2,000
Grand Total.....	254	1,366,206	.....

*Including "Chemnitz," "Dania," "Steigerwald," and "Valencia," 21,418 gross tonnage, originally classed as cargo vessels.

† Including "Cordoba" and "Giessen," 11,853 gross tonnage, delivered as cargo vessels, but to be employed for repatriation of troops on the outward voyage.

8.—EMPLOYMENT OF GERMAN TONNAGE UNDER ALLIED MANAGEMENT, JULY 1, 1919

(Steamers of 500 gross tonnage and over.)

Employment		Total			French Management			British Management			American, Italian, or Belgian Management	
	No.	Gross Ton-nage	Dead-weight	No.	Gross Ton-nage	Dead-weight	No.	Gross Ton-nage	Dead-weight	No.	Gross Ton-nage	Dead-weight
1. German relief—												
Cargoes from Argentine.....	46	185,944	301,470	8	35,545	68,724	37	150,306	242,765	.....	.....	.....
" " Canada.....	6	31,715	63,006	1	3,800	6,553	5	27,965	46,463	.....	.....	.....
" " United States.....	40	234,204	370,686	10	53,664	94,693	30	176,600	275,602	.....	.....	.....
" " West Africa.....	11	31,225	49,049	4	12,781	19,274	7	18,444	20,775	.....	.....	.....
" " Australia.....	12	86,977	134,417	5	32,297	52,972	7	54,680	81,445	.....	.....	.....
Total.....	114	570,165	908,636	28	143,000	232,216	80	427,075	676,420	.....	.....	.....
2. Other European relief—												
Poland—												
Cargoes from France.....	5	14,097	23,219	1	3,060	5,639	4	10,428	17,650	.....	.....	.....
" " Holland.....	1	4,174	6,630	.....	.....	.....	1	4,174	6,630	.....	.....	.....
Russia—cargoes from Canada.....	1	4,934	7,800	.....	.....	.....	1	4,934	7,800	.....	.....	.....
Total.....	7	23,265	37,649	1	3,660	5,660	6	19,686	31,930	.....	.....	.....
3. Allied importing services—												
Italy—coal from United Kingdom.....	2	8,775	15,662	.....	.....	.....	2	8,775	15,502	.....	.....	.....
Egypt—from United Kingdom.....	1	8,322	12,480	.....	.....	.....	1	8,322	12,480	.....	.....	.....
United Kingdom—cargoes from Baltic.....	7	22,263	34,194	.....	.....	.....	7	22,263	34,194	.....	.....	.....
Total.....	10	39,360	62,236	.....	.....	.....	10	39,360	62,236	.....	.....	.....
4. Allied military or naval services—												
Military—												
French—repatriation of troops.....	6	43,309	40,169	6	43,309	40,150	26	187,859	174,323	*10	188,751	127,305
British—repatriation of troops.....	26	187,859	174,323	.....	.....	.....	.....	.....	.....	.....	.....	.....
American—repatriation of troops.....	10	188,751	127,305	.....	.....	.....	.....	.....	.....	.....	.....	.....
Other Allied troopings.....	1	9,155	12,000	1	9,155	12,000	.....	.....	.....	.....	.....	.....
Naval—												
French navy.....	3	15,161	19,200	3	15,151	19,200	1	560	560	.....	.....	.....
British navy.....	1	660	660	.....	.....	.....	1	560	560	.....	.....	.....
Total.....	47	444,785	372,987	10	67,615	71,359	27	188,419	174,323	*10	188,751	127,305

6. Repairing or fitting for—								
German relief—								
From Argentine.....	7	24,720	39,570	1	3,133	5,120	6	21,587
From West Africa.....	2	5,611	8,350	.....	.....	.....	2	5,611
From Australia.....	20	324	30,363	.....	.....	.....	20,324	8,350
Other European relief (Poland from France).....	1	2,720	4,200	.....	.....	.....	1	2,720
Allied Importing, &c.—								
United Kingdom from Baltic.....	2	5,854	8,890	.....	.....	2	5,854	8,890
Italy from United Kingdom.....	1	4,496	7,270	1	4,496	7,270	12	60,833
Allied military or naval services.....	16	94,529	102,680	1	24,693	24,693	11	78,555
Services unassigned.....	23	73,820	113,243	9	38,663	63,443	13	39,700
Total.....	54	232,074	316,166	16	70,928	100,658	36	204,508
6. Employment unreported—								
From ports to Allied ports.....	6	23,990	36,075	5	10,329	31,475	1	4,670
In foreign ports, delivered.....	24	69,658	88,950	24	59,658	83,950	1	7,600
Otherwise unemployed.....	1	1,146	1,146	1	1,146	1,146	1	1,146
Employment unreported.....	2	7,032	12,000	1	3,063	5,300	1	3,063
Total.....	33	91,835	135,025	31	83,196	120,725	2	8,659
7. Assigned, but not yet delivered—								
In route to Allied ports.....	2	6,045	10,800	.....	.....	2	6,045	10,800
In German ports—								
Due for delivery.....	20	126,718	130,050	3	2,380	.....	21	104,323
Damaged.....	8	34,642	49,206	.....	.....	8	34,042	17,324
Undamaged.....	2	6,933	8,265	.....	.....	2	6,933	2,691
In other ports—								
Undamaged.....	62	261,818	414,924	14	42,408	64,680	35	165,776
Damaged.....	33	153,685	267,778	12,000	.....	.....	1	7,670
Launched and completing.....	1	7,670	12,000	.....	.....	.....	12,000	12,000
Total.....	134	627,111	893,623	17	44,788	64,680	69	314,939
Grand total of tonnage assigned to Allied management.....	309	2,028,585	2,725,322	102	413,280	505,210	236	1,162,020
Note.—Passenger tonnage included above.	71	621,398	521,008	10	88,838	77,944	37	281,758
Tonnage unassigned, but not excep...	120	469,640	.....	.....	.....	.....	18	250,802

*American management.

†Belgian management.

‡Italian management.

9.—EMPLOYMENT OF GERMAN TONNAGE UNDER ALLIED MANAGEMENT, MAY 1—
JULY 1, 1919

(Steamers of 500 gross tons and over.)

Employment	May 1			June 1			July 1		
	No.	Gross Tonnage	Dead- weight	No.	Gross Tonnage	Dead- weight	No.	Gross Tonnage	Dead- weight
German relief.....	42	218,844	347,640	86	449,613	715,311	114	570,165	908,636
Other European relief.....	2	5,272	8,550	4	10,428	17,550	7	23,255	37,649
Allied importing services.....	18	103,127	159,455	22	84,565	137,958	10	39,360	62,236
" military and naval services.....	20	204,039	178,252	35	347,501	289,318	47	444,785	372,987
Total in active service.....	82	531,282	693,897	147	892,107	1,160,137	178	1,077,565	1,381,508
Repairing or refitting for:—									
German relief.....	23	100,713	163,860	12	55,178	88,972	11	50,655	78,483
Other European relief.....	5	13,217	21,350	1	2,720	4,200	1	2,720	4,200
Allied importing services.....	5	19,029	32,992	8	29,410	45,872	3	10,350	16,160
" military and naval services.....	2	15,518	17,642	22	163,603	166,394	16	94,529	103,380
Services unassigned.....	57	322,220	403,539	14	43,366	75,652	23	73,820	113,243
Employment unreported.....	7	33,231	47,200	2	7,032	12,000	33	91,835	135,025
Total delivered, but in-active.....	99	505,928	686,583	59	306,309	388,090	87	323,909	450,191
En route to Allied ports.....	7	26,907	37,862	5	20,656	30,284	2	6,645	10,800
In German ports, completed.....	71	267,404	390,167	49	166,109	208,821	36	187,293	188,121
In neutral ports.....	143	642,494	943,898	141	629,045	919,145	95	445,503	682,702
Launched and completing.....	5	34,618	43,200	3	21,890	24,200	1	7,670	12,000
Total not yet delivered.....	226	971,423	1,415,127	198	837,700	1,177,450	184	627,111	893,623
Grand Total assigned to Allied Management.....	407	2,008,633	2,795,607	404	2,036,116	2,725,677	399	2,028,585	2,725,322

Appendix 269

*Report No. 3 [of the] Food Section, Freight Committee: Enemy
Tonnage Sub-Committee*

1. *German Tonnage*.—Appendix I sets out the position and employment of all German tonnage nominated by the Allied Maritime Transport Executive for food service. The names of vessels given in report No. 2^{13a} as having arrived at discharging ports have been omitted.

2. *Austrian Tonnage*.—Appendix II gives similar tables regarding Austrian tonnage.

3. *Total Enemy Shipping Directed*.—An examination of these appendices shows that the Freight Committee, since it was charged in April by the Supreme Economic Council with the task of utilising to the best advantage the tonnage nominated by the Allied Maritime Transport Executive, has directed no less than 1,800,000 tons of enemy shipping into food service.

4. *Priority of Allocation*.—In accordance with the instructions of the Supreme Economic Council priority in the allocation of German tonnage has been given to (1) Germany; (2) Relief; (3) Allies.

^{13a} Appendix 205, p. 382.

5. Deliveries Made and Arranged.—The following deliveries by enemy tonnage have been made or are arranged:—

	German	Austrian	Total
	<i>Tons</i>	<i>Tons</i>	<i>Tons</i>
Germany	446,161	51,750	497,911
Poland	45,247		45,247
Estonia		21,000	21,000
Finland		14,635	14,635
North Russia		6,477	6,477
Baltic Ports, I. o.		31,067	31,067
Roumania		23,482	23,482
Serbia	8,000		8,000
Constantinople		21,913	21,913
German Austria		147,072	147,072
France	28,214		28,214
Italy	27,854	186,108	213,962
United Kingdom	48,574		48,574

Loaded by the United States Food Administration for relief but not yet allocated to discharging ports: 108,050 tons.

Details of the countries of origin are given in Appendix III, together with a statement of enemy tonnage not yet allocated.

6. Germany. Tonnage has been allocated to Germany for all cargo which she has been able to finance. Shipments from United States of America have ceased, and are being arranged from the United Kingdom only to complete existing contracts. From Australia eight cargoes have been offered to Germany, but negotiations between the Australian and German Governments have broken down on the question of finance. The suggestion that one or two cargoes should be sold to Messrs. Whittal at Constantinople is being followed up.

In the Argentine tonnage to cover the Germany purchases from the Compañía Mercantil of 20,000 tons of linseed and 185,000 tons of wheat is arranged subject to the German Government agreeing to take a fair proportion of deliveries through Antwerp.

7. Other Relief. Claims for tonnage put forward by the Supreme Economic Council have been fully met. In accordance with the decision of the Supreme Economic Council tonnage for 30,000 tons of wheat for German Austria will be provided as soon as the purchases are effected.

8. Allies Replacement and Exchanges. In dealing with the balances of tonnage remaining after the claims of Germany and Relief have been fully met, the Freight Committee has adopted the principle of replacing, by the enemy tonnage, tonnage on national service utilised in carrying supplies to enemy countries.

The replacement claims agreed are as follows:—

To France, 40,000 tons.

Italy, 146,000 tons.

United Kingdom, 60,000 tons.

Replacement to Italy has been arranged in full.

" " France made to the extent of 28,214 tons.

" " United Kingdom has been made to the extent of 44,160 tons.

Of the latter amount United Kingdom has ceded to Italy 27,854 tons in order to improve August cereals arrivals in Italy.

By special agreement 19,726 tons of wheat on passage to United Kingdom have been diverted to Poland and replaced to United Kingdom by later German tonnage. Details were given in report No. 2.

Details of the further exchanges and replacements are set out in Appendix IV.

9. No further enemy tonnage (other than for transhipment between European ports) can now be arranged for arrival in Germany before August 31, the date at which the Armistice arrangements expire. No relief programme other than that for German Austria is outstanding, and no claims for tonnage other than for German Austria and for transhipment of American Stores between European ports are before the Committee.

Under these circumstances the Freight Committee has notified the Allied Maritime Transport Executive that it is unnecessary further to continue to nominate enemy tonnage to the Freight Committee, and that the more convenient procedure will be for the Allied Maritime Transport Executive to dispose of the enemy tonnage, the Freight Committee retaining the right to indent upon the Allied Maritime Transport Executive for any further Relief claims that may have to be met.

The work of the Committee, which was based upon the Armistice arrangements, appears to be substantially completed.

F. B. ELLIOT

APPENDIX I.—GERMAN TONNAGE: POSITION ON JULY 19, 1919

United States

Allocated to United States Food Administration

Arrived

				<i>Metric Tons</i>	
Arrived to May 31, Report No. 2.....				28,046	Rye.
Weissenfels.....	New York.....	17/5	Hamburg.....	4/6	123 2,302 6,487 1,709 5,902 49 6,770 3,573 7,427 1,923 17 548 185 52 177
Solfels.....	Philadelphia.....	29/5	Bremerhaven.....	16/6	Lard. Flour. Pork product. Flour. Pork product. Lard. Rye. Rye flour. Rye. Beans. Lard. Rye flour. Milk. Peas. Pork product.
Erfurt.....	"	8/6	Hamburg.....	23/6	
Augsburg.....	New York.....	10/6	Bremerhaven.....	2/7	

SUPREME ECONOMIC COUNCIL

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United States—Continued

Allocated to United States Food Administration—Continued

Arrived—Continued

					<i>Metric Tons</i>	
Gertrud.....	Baltimore.....	10/6	Emden.....	27/6	6,773	Rye.
Altenfels.....	New York.....	12/6	Hamburg.....	30/6	8,020	Rye.
					40	Pork product.
					362	Cereal flour.
					793	Milk.
					6,919	Rye.
Greiffenfels.....	".....	12/6	Brake.....	8/7	156	Cereal flour.
					459	Milk.
					5,040	Rye.
Franziska.....	".....	12/6	Hamburg.....	29/6	1,020	Cereal flour.
					560	Flour.
					277	Beans.
					14	Pork product.
					38	Cornmeal.
					221	Milk.
					3	Peas.
Artemesia.....	Philadelphia.....	11/6	".....	29/6	5,816	Rye.
					1,668	Rye flour.
Hornfels.....	".....	13/6	Stettin.....	6/7	1,651	Rye.
					2,118	Rye flour.
					1,495	Flour.
Gundomar.....	New York.....	19/6	Hamburg.....	9/7	3,087	Rye.
					20	Lard.
					1,682	Flour.
					28	Barley.
					140	Cornflour.
Kybfels.....	Philadelphia.....	21/6	".....	8/7	179	Milk.
					2,671	Flour.
Lippe.....	".....	22/6	Bremerhaven.....	9/7	2,359	Rye flour.
					7,074	Rye.
					427	Rye flour.
Dessau.....	Boston.....	24/6	".....	10/7	2,080	Flour.
					6,865	Rye.
Waldenburg.....	Philadelphia.....	23/6	Hamburg.....	12/7	1,912	Flour.
					1,051	Cornflour.
Gallipoli.....	".....	22/6	".....	12/7	4,593	Flour.
					3,791	Rye flour.
Isis.....	New York.....	1/7	".....	18/7	5,062	Rye.
					673	Rye.
Bermuda.....	Philadelphia.....	10/6	".....	29/6	6,067	Rye.
					1,825	Cereal flour.
Wolfsburg.....	Baltimore.....	11/6	Finland.....	10/7	495	Flour.
					2,068	Milk.
					833	Beans.
					1,992	Rye flour.
					8,485	Rye.

<i>Arrived May—</i>	<i>Metric Tons</i>	<i>Total arrivals—</i>	<i>Metric Tons</i>
Rye.....	28,046	Rye.....	120,079
Arrived June—		Flour.....	21,172
Rye.....	46,765	Rye flour.....	16,976
Flour.....	4,571	Beans.....	8,03
Rye flour.....	5,789	Peas.....	5
Beans.....	2,200	Cereal flour.....	3,393
Peas.....	54	Cornmeal.....	38
Cereal flour.....	1,568	Barley.....	28
Cornmeal.....	38	Cornflour.....	1,191
Lard.....	189	Lard.....	209
Pork product.....	12,620	Pork product.....	12,620
Milk.....	1,658	Milk.....	3,905
Arrived July—			
Rye.....	45,268		
Flour.....	16,601		
Rye flour.....	11,187		
Barley.....	28		
Cornflour.....	1,191		
Cereal flour.....	1,825		
Beans.....	833		
Lard.....	20		
Milk.....	2,247		

United States—Continued

Allocated to United States Food Administration—Continued

On Passage

				<i>Metric tons</i>	
Slavonia.....	Philadelphia.....	23/6	Libau.....	4,524	Flour.
Therese Horn.....	Baltimore.....	20/6	"	853	Rye flour.
Elbing.....	Philadelphia.....	20/6	Batoum.....	4,600	Flour.
Meiningen.....	"	30/6	Bremerhaven.....	930	Rye.
Hanau.....	New York.....	4/7	Finland.....	3,977	Flour.
Naimes.....	Philadelphia.....	3/7	Batoum.....	2,466	Rye Flour.
Mannheim.....	"	10/7	Germany.....	7,825	Flour.
Total.....				1,902	Rye flour.
				3,174	Rye.
				2,976	Rye flour.
				5,378	Flour.
				1,833	Rye flour.
				59	Cornflour.
				30	Cornmeal.
				3,500	Rye.
				2,500	Rye flour.
				2,500	Flour.
				49,047	
Total on passage—					<i>Metric Tons</i>
Flour.....					28,804
Rye.....					7,604
Rye flour.....					12,550
Cornflour.....					59
Cornmeal.....					30

Canada

Allocated to Royal Commission on Wheat Supplies

Arrived

				<i>Metric Tons</i>	
Burgomeister Schröder...	Montreal.....	12/5	Rotterdam.....	8,338	Flour.
Atto.....	"	30/5	South Shields.....	6,933	Wheat.
Tasmania.....	"	7/6	Dublin.....	746	Flour.
Totnes.....	"	14/6	"	10,202	Wheat.
Masuria.....	"	28/6	Dunkirk.....	9,758	Flour.
Kribi.....	"	27/6	Avonmouth.....	5,349	Wheat.
				4,634	"
				45,960	

				<i>Metric Tons</i>	
June arrivals—					
Wheat.....					17,185
Flour.....					18,842
July arrivals—					
Wheat.....					9,983
Total arrivals—					
Wheat.....					27,118
Flour.....					18,842

On Passage

				<i>Metric Tons</i>	
Arabia.....	Montreal.....	8/7		5,791	Flour.
Clare Hugo Stinnes.....	"	14/6	Archangel.....	6,477	"
				12,268	

Canada—Continued

Allocated to Load for Northern Relief

July—		Metric Tons
Wolfran	.....	9,900
Schwarzenfels	.....	12,500
Total	.....	22,400

Allocated to Load for Southern Relief

July—		9,050
Sonnenfels	

Unallocated

To Load

July—	D. W. Tons	July—	D. W. Tons
Rudelsburg	10,200	Remschied	11,200
Ehrenfels	6,800	Kagera	9,100
Gerfried	9,800	Belgravia	10,350
Kandelfels	9,000	Bisgravia	10,650
Schildturm	8,700	Wachtels	9,000
Huberfels	8,500	Total	120,050
Crostaferls	7,600		
Aschenburg	9,150		

Argentine

Allocated to Wheat Executive

On Passage

Arensburg	Rosario	28/6	Belfast	5,511	Wheat.
Luisa Horn	"	5/7	Italy	5,305	"
Spezia	B. Aires	7/7	"	5,515	"
Claus Horn	B. Blanca	7/7	"	5,805	"
Wotan	B. Aires	6/7	"	5,305	"
Bosphorus	B. Blanca	9/7	"	5,924	"
Schwaben	La Plata	9/7	Marseilles	6,808	"
Warrundi	B. Aires	10/7	Bayonne	4,639	"
Eichsfelde	B. Blanca	13/7		5,627	"
Olympos	La Plata	16/6		5,190	"
			Total on passage..	55,629	

To Load

July—	Ganelon	6,200

Allocated to Compañía Mercantil

*For Germany**On Passage*

Pionier	B. Aires	15/6	Emden	3,839	Wheat.
Elbe	Montevideo	21/6	Rotterdam	5,531	"
Irajahy	Rosario	21/6		6,587	"
Plauen	"	21/6	Bremerhaven	6,328	"
Irmgard	B. Aires	29/6	Bremen	5,487	"
Sofia	Rosario	30/6		5,573	"
Alster	B. Blanca	2/7		5,692	"
Derindje	B. Aires	27/6	Rotterdam	5,387	"
Erika	"	25/6	Emden	3,891	"
Pera	"	4/7		6,178	"
Oehringen	Rosario	15/7		5,530	"
Warega	B. Aires	14/7	Havre	4,741	"
Weissenfelde	B. Blanca	17/7		5,628	"
Gudron	B. Aires	21/7		6,020	"
Santa Cruz	B. Blanca	22/7		6,862	"
			Total on passage..	83,274	

Argentine—Continued

Allocated to Compañía Mercantil—Continued

For Germany—Continued

To Load

July—		August—	
Rhenania.....	6,500	Sakkarah.....	7,500
Horncap.....	6,200	Rendsburg.....	8,000
Hersfeld.....	7,250	Total.....	15,500
Germanicus.....	6,500		
Almeria.....	7,000		
Normannia.....	5,500		
Solingen.....	6,900		
Wartburg.....	6,400		
Franz Wilke.....	6,900		
Secundus.....	7,900		
Nordmark.....	9,050		
Malaga.....	4,950		
Total.....	81,050		

Unallocated

To Load

August—		September—	
Karl Leonhardt.....	5,100	Alster.....	6,100
Santa Fé.....	8,000	Sofia.....	5,600
Hollandia.....	5,100	Erlka.....	4,100
Winifred.....	7,800	Derindje.....	5,600
Artemesia.....	9,025	Total.....	21,400
Atto.....	8,875		
Minna Horn.....	6,300		
Rovuma.....	9,075		
Aragonía.....	7,750		
Burgomeister von Melle.....	9,500		
Kribi.....	6,550		
Schwarzenfelde.....	6,100		
Franziska.....	8,050		
Lübeck.....	8,225		
Total.....	105,450		

Vessels allocated to load at Rotterdam for Danzig

Arrived on Passage

				Metric Tons	
Lipsos.....	Rotterdam.....	28/6	Danzig.....	2/7	Rye.
Hilda.....	Rotterdam.....	3/7	Danzig.....	5,341 5,348	"

Vessels allocated to load at Dunkirk for Danzig

To Load

July—				
Liberia.....				5,675
Sieglinde.....				4,525
Atta.....				4,200
Mecklenburg.....				4,200
Lizzy.....				4,500
Dora.....				4,000
Total.....				27,100

Vessels allocated to load at Bordeaux for Reval

To Load

July—				
Anni.....				3,750
Austria.....				4,050
Las Palmas.....				2,700
John Heidmann.....				3,500
Brandenburg.....				3,300
E. Russ.....				3,700
Total.....				21,000

West Africa

Allocated to French Commission for Germany

Arrived

Borussia.....	Duala.....	Rotterdam.....	12/7	4,400
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To Load

July—

Hornsea.....	4,400
Alma.....	4,325
Regina.....	4,400
Uhlenhorst.....	4,000
Freda Horn.....	4,400
Christian Horn.....	4,300
Genua.....	4,800
Procida.....	4,700
Silesia.....	5,225
Hamburg.....	4,050
Total.....	44,600

August—

Edmund Hugo Stinnes.....	4,200
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Australia

Allocated to Commonwealth Government

On Passage

Gera.....	Melbourne.....	15/7	9,000	Estimated.
Heluan.....	Melbourne.....	July	.....	10,100	"

To Load

July—

Fürst Bülow.....	12,400
Heilbronn.....	11,200
Treuenfels.....	11,200
Roda.....	8,600
Altmark.....	8,200
Raimund.....	10,800

Total.....	62,400
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Unallocated

August—

Java.....	12,100	September—	Neumark.....	9,075
Falkenfels.....	12,500		Tasmania.....	12,200
Kronenfels.....	12,325		Totnes.....	12,000
Weissenfels.....	12,500		Altenfels.....	11,350
Burgomeister Schröder.....	9,500		Bermuda.....	10,300
Itauri.....	10,925		Augsburg.....	11,200
Sesostris.....	10,925		Erfurt.....	10,000
Waldeck.....	10,000		Elbing.....	7,850
Altenburg.....	10,950		Ammon.....	11,850
Greiffenfels.....	9,050		Sonnenfels.....	9,050
Marksburg.....	6,350		Naimes.....	8,750
Gertrud.....	8,600		Dessau.....	11,000
Kybtels.....	7,700		Lippe.....	11,450
Masuria.....	6,200		Isis.....	13,000
Gallipoli.....	6,650		Total.....	149,105
Gundomar.....	6,000			

Total.....	152,275
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APPENDIX II.—AUSTRIAN TONNAGE

(A) UNDER FRENCH MANAGEMENT

Northern Range

Allocated to Food Administration

To Load

July— Plitice.....	6,200
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Argentine

Allocated to "Compañía Mercantil" for Germany

July— Atlantica.....	7,200
Graf Serenyi Bela.....	5,250
Total (July).....	12,450
August— Immacolata.....	5,600
Mediterraneo.....	7,600
Vega.....	6,450
Buda.....	6,350
Total.....	26,000

Unallocated

August— Kobe.....	7,200
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West Africa

Allocated to French Commission for Germany

July— Indifcinter.....	3,400
Magylagos.....	3,500
Stephanie.....	3,525
Onda.....	4,750
Eros :.....	3,800
Total.....	18,975

(B) UNDER ITALIAN MANAGEMENT

Northern Range

1. Allocated to Italy

				<i>Metric Tons</i>	
Arrived to May 31. Report No. 2.....				47,245	Wheat.
				2,024	Flour.
				38	Rye flour.
				2,438	Corn meal.
				632	Beans.
Baltico.....	Baltimore.....	20/5	Torre Ann.....	12/6	4,901 Wheat.
Columbia.....	New York.....	26/5	Genoa.....	11/6	2,965 "
					953 Flour.
Bosanka.....	Philadelphia.....	22/5	Leghorn.....	17/6	1,166 Wheat.
Sofia.....	New York.....	26/5	Trieste.....	17/6	3,692 Flour.
President Wilson.....	".....	31/5	".....	18/6	1,779 "
Contessa Adelma.....	Baltimore.....	28/5	Cantania.....	22/6	5,125 Wheat.
Graf Tiza Istvan.....	Philadelphia.....	30/5	Siracuse.....	21/6	3,477 Flour.
Total June arrival—					<i>Metric Tons</i>
Wheat.....					14,157
Flour.....					8,959

(B) UNDER ITALIAN MANAGEMENT—continued

Northern Range—Continued

1. Allocated to Italy—Continued

				<i>Metric Tons</i>	
Radium.....	Philadelphia.....	8/6	Milazza.....	5/7	4,524
Argentina.....	New York.....	14/6	Trieste.....	3/7	748
Francesca.....	".....	25/6	Genoa.....	13/7	1,222 576

			<i>Metric Tons</i>
July arrival—			
Wheat.....			1,222
Flour.....			5,848
Total arrived—			
Wheat.....			62,624
Flour.....			17,831
Rye flour.....			38
Cornmeal.....			2,438
Beans.....			632

On passage to arrive July

			<i>Metric Tons</i>	
Graf Khuen Héderváry..	New York.....	24/6	Trieste.....	5,553 190

On passage to arrive August

			<i>Metric Tons</i>	
Aug. Foherczegno.....	New York.....	4/7	Trieste.....	2,970 1,978 641 255
Iskra.....	Philadelphia.....	10/7		5,790
Belvedere.....	New York.....	10/7	Trieste.....	2,244
Fiume.....	New Orleans.....	30/6	Naples.....	4,347

			<i>Metric Tons</i>
To arrive August—			
Wheat.....			13,107
Flour.....			4,222
Oatmeal.....			641
R. oats.....			255
Total on passage—			
Wheat.....			13,107
Flour.....			9,775
Oatmeal.....			641
R. oats.....			255
Cornflour.....			190

2. Allocated to German Austria

			<i>Metric Tons</i>	
Arrived to May 31. Report No. 2.....			4,689 4,673	Wheat. Flour
Caterina Gerolomich.....	New York.....	15/5	Trieste.....	10/6
Szeterenyl.....	Baltimore.....	13/5	".....	10/6
Adriatico.....	".....	16/5	".....	10/6

(B) UNDER ITALIAN MANAGEMENT—continued

Northern Range—Continued

2. Allocated to German Austria—Continued

				<i>Metric Tons</i>	
Maria Immacolata.....	"	19/5	"	16/6	4,244 346 207 38 83
Kossuth Ferencz.....	"	24/6	"	22/6	4,586 69 212 1,316 2,538
Dubac.....	New Orleans.....	26/4	"	1/6	514 311 703

Total June arrival—			<i>Metric Tons</i>
Wheat.....			7,210
Flour.....			16,037
C.M.....			1,725
C.F.....			2,500
R.O.....			841
B.F.....			435
O.M.....			207
Rice flour.....			38
C.G.....			1,316
Beans.....			703

				<i>Metric Tons</i>	
Dardania.....	New York....	21/6	Trieste.....	15/7	4,573 127
Ellenia.....	Baltimore.....	23/6	"	18/7	826 55
Bohème.....	" New York.....	7/6	"	5/7	6,329 4,180
Emilia.....	" New York.....	13/6	"	7/7	5,229 236
Georgia.....	"	14/6	"	10/7	1,985 610
Lapad.....	Baltimore.....	13/6	"	15/7	3,485 5,398
Izvor.....	Philadelphia.....	10/6	"	15/7	"

Total arrival—			<i>Metric Tons</i>
Wheat.....			5,229
Flour.....			25,027
C.F.....			2,045
B.F.....			55
C.G.....			1,985
C.M.....			610
R.F.....			53
Wheat.....			17,128
Flour.....			45,737
C.F.....			4,545
B.F.....			490
C.G.....			3,301
C.M.....			2,835
R.F.....			53
Rice flour.....			38
Beans.....			703
O.M.....			207
R.O.....			841

(B) UNDER ITALIAN MANAGEMENT—continued

Northern Range—Continued

2. Allocated to German Austria—Continued

On Passage

				Metric Tons	
Istina.....	Baltimore.....	26/6	Trieste.....	4,061	Rye.
				171	Flour.
				37	C. flour.
				316	C. grits.
				88	C. meal.
				490	R. oats.
Erderly.....	New York.....	3/7	"	6,021	Flour.
				75	B. flour.
Atlantico.....	"	8/7	"	504	C. meal.
				174	Flour.
				229	B. flour.
				159	C. grits.
Perseveranza.....	Philadelphia.....	7/7	"	811	C. meal.
				628	C. flour.
				22	R. flour.
				116	O. meal.
				820	R. oats.
				1,651	Rye.
				322	C. grits.
				271	C. flour.
				27	C. meal.
				1,001	R. flour.
				1,108	R. oats.
				37	O. meal.
Total on passage—					Metric Tons
Rye.....					6,366
Flour.....					5,712
C. F.....					936
C. G.....					797
C. M.....					1,430
R. O.....					2,418
B. F.....					304
R. F.....					1,023
O. M.....					153

Allocated to German Austria

To Load

July—		Metric Tons
Marianne.....		5,400
Proteo.....		5,600
Szent Istvan.....		4,000
Dubac.....		4,000
Federica.....		5,600
Total.....		25,100

Unallocated

July—	Metric Tons	August—	Metric Tons
Trieste.....	5,000	Mrv.....	5,600
Africana.....	4,600	Adriatico.....	5,200
Szternyi.....	4,100	Baltico.....	4,800
Baron Edmondo Vay.....	3,900	Caterina Gerolomich.....	6,600
Total.....	17,600	Georgia.....	8,000
		Filippo Artelli.....	8,300
		Lapad.....	3,500
		Boheme.....	6,500
		Dardania.....	4,700
		Radium.....	4,500
		Total.....	118,300
August—			
Persia.....	5,400	Maria.....	4,800
Giulia.....	3,900	Arcadia.....	4,700
Bosanka.....	5,400	Jadera.....	5,600
Pssa. Christiania.....	3,300		
Maria Valerie.....	4,400		
Absirtea.....	6,200		
Burma.....	6,500		
Fedora.....	5,000		
Kossuth Ferencz.....	3,400		
Graf Tiza Istvan.....	5,100		
Contessa Adelma.....	5,000		
Gerania.....	7,000	Total.....	15,100

(B) UNDER ITALIAN MANAGEMENT—continued

Canada

1. Allocated to Italy

				<i>Metric Tons</i>	
Arrived to May 31. Report No. 2.....				4,567	Wheat.
Mrav.....	Portland.....	6/5	Ancona.....	8/6	3,619
Trieste.....	".....	17/5	Genoa.....	1/6	5,025
Kossuth.....	".....	14/6	Messina.....	6/7	4,979
Total.....					18,190

On Passage

				<i>Metric Tons</i>	
Vindobona.....	Quebec.....	25/6	Trieste.....	5,469	Wheat.
Baron Fejervary.....	Montreal.....	26/6	Venice.....	153	Flour.
Total.....				5,051	"
					10,673

2. Allocated to German Austria

Arrived to May 31. Report No. 2..... *Metric Tons* 4,285 Wheat.

On Passage

				<i>Metric Tons</i>	
Clumecki.....	St. John's.....	26/6	Trieste.....	770	Rye.
				3,835	Flour.
Total.....					4,605

3. Allocated to Roumania

Arrived

				<i>Metric Tons</i>	
Gerania.....	Portland.....	23/4	Constanza.....	22/5	Wheat.
Baron Edmund Vay.....	".....	24/4	".....	1,233	Flour.
Absirtea.....	".....	30/4	".....	3,672	Wheat.
Burma.....	".....	8/5	".....	4,350	"
Pssa. Christiana.....	".....	15/5	Trieste.....	1,938	Flour.
Total.....				6,569	Wheat.
Total.....				3,364	Flour.
					20,318
					6,535
					Wheat.
					Flour.

4. Unallocated

To Load

August—	<i>Metric Tons</i>
Olimpo.....	6,500
Carolina.....	3,000
Total.....	9,500

(B) UNDER ITALIAN MANAGEMENT—continued

Argentine

1. Allocated to Italy

Arrived

			<i>Metric Tons</i>	
Baron Kemeny.....	Buenos Aires.....	9/6	P. Maurizio.....	12/7 3,171 Wheat.

On Passage

			<i>Metric Tons</i>	
Sirena.....	Buenos Aires.....	17/6	Wheat.	
Jokai.....	La Plata.....	21/6	2,971 C.N. Flour.	
Alga.....	Rosario.....	27/6	3,441 Wheat.	
Balaton.....	Buenos Aires.....	7/7	4,074 "	
Sud.....	Rosario.....	10/7	3,329 "	
Srgj.....	"	22/7	3,743 "	
Total.....			5,470 "	
			24,090	

2. Unallocated

To Load

July—	<i>Metric Tons</i>	August—	<i>Metric Tons</i>
Orjen.....	3,500	Maria Immacolata.....	4,900
Epidauro.....	6,000	Melpomene.....	3,600
Iris.....	8,100	Stella.....	4,000
Corsinia.....	6,000	Laguna.....	7,000
Magyarorezag.....	4,700		
Leopoldina.....	4,800	Total.....	19,500
Total.....	33,100		

Australia

1. Allocated to Italy

Arrived

			<i>Metric Tons</i>	
Filippo Artelli.....	Wollaroo.....	21/4	Venice.....	29/6 8,315 Wheat.
Tirreno.....	Geelong.....	7/4	Naples.....	10/6 7,464 "
Total.....				15,779

2. Unallocated

To Load

July—	<i>Metric Tons</i>	August—	<i>Metric Tons</i>
Hungaria.....	5,600	Pilsna.....	4,600
		Innsbruck.....	6,400
		Total.....	11,000

APPENDIX III A. EMPLOYMENT OF GERMAN TONNAGE
[Metric Tons (Cargo)]

Exporting Country	Month of Arrival	Germany	Poland	Finland	Estonia	North Russia	Baltic Ports, f. o.	Serbia	Constanti- nople, f. o.	United King- dom	France	Italy	Unallo- cated	Total
Canada.....	June.....	8,338	.....	.....	.....	.....	6,477	.....	.....	27,639	5,340	.....	.....	35,977
	July.....	.....	.....	.....	.....	.....	.....	6,477	.....	4,634	6,791	.....	.....	16,460
	August.....	8,338	.....	.....	.....	.....	.....	.....	.....	32,273	11,140	.....	.....	58,228
United States of America.....	May.....	28,040	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	28,046
	June.....	71,650	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	71,650
	July.....	84,213	.....	.....	8,486	.....	10,907	.....	13,703	.....	.....	.....	.....	117,388
Argentina.....	August.....	8,500	.....	6,150	.....	.....	20,160	.....	8,150	.....	.....	108,050	151,010	.....
	July†.....	102,400	.....	.....	14,636	.....	31,007	.....	21,913	.....	.....	108,050	368,074	.....
	August.....	22,285	.....	.....	.....	.....	.....	.....	.....	10,701	17,074	27,854	74,763	22,285
Australia.....	September.....	60,989	.....	80,900	.....	.....	.....	.....	.....	5,600	.....	.....	10,890	110,618
	July.....	75,240	.....	.....	.....	.....	.....	.....	.....	16,301	17,074	27,854	74,763	306,171
	August.....	.....	6,958	.....	.....	.....	7,800	.....	8,000	.....	.....	.....	.....	10,890
France.....	September.....	27,100	.....	.....	.....	.....	13,200	.....	.....	.....	.....	.....	.....	42,900
	July.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	6,958
	August.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	13,200
Rotterdam.....	September.....	34,058	.....	.....	.....	.....	21,000	.....	8,000	.....	.....	.....	.....	63,058
	July.....	11,189	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	11,189
	Grand Total.....	446,161	45,247	14,636	21,000	6,477	31,067	8,000	21,913	48,574	28,214	27,854	*193,708	802,850

*In addition there is unallocated tonnage to arrive in Europe after September—Argentina, 39,400; Australia, 271,200.

APPENDIX III B.—EMPLOYMENT OF AUSTRIAN TONNAGE

[Metric Tons (Cargo)]

Exporting Country	Month of Arrival	German Austria	Germany	Roumania	Italy	Unallo-cated	Total
Canada.....	April.....			6,947	4,567		
	May.....			16,535	10,635		11,514
	June.....				14,767		27,170
	July.....	4,602					19,369
	August.....					7,800	7,800
United States.....		4,602		23,482	29,969	7,800	65,853
	April.....				11,970		11,970
	May.....	13,652			40,407		54,059
	June.....	30,659			24,097		54,756
	July.....	51,321			23,119		74,440
Argentine.....	August.....	27,240			10,133	40,280	77,653
	September.....					97,700	97,700
		122,872			109,726	137,980	370,578
	July.....				10,645		10,645
	August.....		11,250		19,895	35,200	66,445
Australia.....	September.....		23,400				23,400
					30,640	35,200	100,490
	June.....					8,316	8,316
	July.....					7,457	7,457
	September.....					5,600	5,600
West Africa.....					15,773	5,600	21,373
	August.....		117,100				17,100
Grand total.....		147,072	51,750	23,482	186,108	186,580	594,992

*Including 5,580 French managed Austrian from United States.

† " 34,650 " " " Argentine.

‡ " 17,100 " " " West Africa.

APPENDIX IV.—REPLACEMENT BY GERMAN TONNAGE TO ALLIES OF NATIONAL TONNAGE DIRECTED TO GERMANY

Already Allocated

United Kingdom	Metric Tons	France	Metric Tons
From Argentine—		From Canada—	
Arensburg.....	5,511	Masuma.....	5,349
*Louise Horn.....	5,305	Arabia.....	5,791
*Spezia.....	5,515		
*Claus Horn.....	5,805	From Argentine—	
*Wotan.....	5,305	Warundi.....	4,639
*Bosphorus.....	5,924	Schwarben.....	6,808
Olympos.....	5,100	Eichfeld.....	5,627
Ganelon.....	5,600		
Total.....	44,155	Total.....	28,214

*Diverted to Italy.

Appendix 270

Note From the Freight Committee [Regarding the] Tonnage for Purchases of Food and Raw Materials for the Czechoslovakian Republic

A letter from the official buyers of the Czechoslovakian Republic has been received by the British Food Commissioner at Rotterdam,

requesting that shipping space may be provided for the transport of 100,000 tons of Government Supplies from Argentine and India. The letter points out that free shipping is very scarce and freights so high as to cause great difficulty to the Czecho-Slovakian Food Commission and to make the import of raw materials for industrial purposes almost impossible. The suggestion presumably is that enemy tonnage should be allocated at rates based on the British Blue Book.

This matter has not been brought before the Freight Committee of the Food Section as that Committee has no authority to deal with enemy tonnage otherwise than under the Armistice arrangements.

The request of the Czecho-Slovakian Government raises a broad question of policy, as it would no doubt be inadvisable to make special arrangements for the claims of other Governments which have to obtain tonnage for essential supplies in the open market.

The matter has been unofficially discussed in Paris and is referred to the Supreme Economic Council at the request of the Director-General of Relief.

**Supreme Economic Council: 30th Meeting [Held at Brussels on
20th September, 1919, at 10 a. m. and 4 p. m.]**

The Supreme Economic Council held its 30th Meeting on the 20th September, 1919, at 10 a. m., and at 4 p. m., at the Palais des Académies at Brussels, under the Chairmanship of M. Jaspar.

The Associated Governments were represented as follows:—

BRITISH EMPIRE.	The Rt. Hon. G. H. Roberts. The Rt. Hon. Cecil Harmsworth. The Earl of Crawford & Balcarres. Sir Hamar Greenwood.
FRANCE.	M. Clémentel. M. Loucheur. M. Claveille. M. Noulens. M. Vilgrain.
ITALY.	General Payot, representing Marshal Foch. H. E. Maggiorino Ferraris.
BELGIUM.	Comm. Nogara. M. Wauters. M. Renkin. M. Franqui. Colonel Theunis. M. Lepreux.

[296.]

M. Clémentel opened the Session and congratulated the Council on its meeting at Brussels in which he saw a symbol of the deep friendship existing between the Allies. On his proposal, the Council asked M. Jaspar to take the Chair.

M. Jaspar replied congratulating himself on the fact that the Allies were meeting in Council in a place occupied so short a time ago by the enemy. He associated himself with the regrets expressed by M. Clémentel that the American Delegates had not been able to be present.

The minutes of the 29th Meeting were approved, it being intimated that the order of minutes 293 and 295 had been inverted in the French version.

Minute 280 (c) was amended to read as follows:—

“It was agreed that a Raw Materials Committee composed of one representative from each of the Governments should prepare a report for submission to the Supreme Economic Council.”

297. Establishment of Permanent Committee.

The Council was informed that the Permanent Committee set up by it on the 1st August (Minute 295) had been constituted. The representatives nominated by the Associated Governments were:—

British Empire	Mr. Wise.
France	M. Avenol.
Italy	Dr. Giannini.
Belgium	Count de Kerchove.

The Government of the United States had not yet nominated its representative. M. Clémentel, as acting President of the Council, had notified to the Government of the United States the names of the above-mentioned delegates and had requested the name of the representative of the American Government.

The Council examined a note prepared by the Permanent Committee on the subject of the procedure and the powers of the Committee. This note was, after modification, approved by the Council (Doc. 271).¹

298. Exchange of Goods Between the Countries of Central Europe.

Arising out of para. 273 of the minutes of the previous meeting, the Council took note of a decision (Doc. 272) of the Supreme Council according to which the raising of the blockade rendered needless any fresh action.²

299. Typhus Relief in Eastern Europe.

Arising out of para. 275 of the minutes of the previous meeting, the Council took cognisance of a note from the British Delegation (Doc. 273) on the subject of the supplies furnished by their Government to the Polish Government.

The Chairman stated that the Polish Minister had visited him in order to draw his attention to the critical situation of his country.

300. Resumption of Communications with Germany.

Arising out of para. 279 (b) of the minutes of the previous meeting, Gen. Payot informed the Council that conferences were being held at Paris between the Allied delegates and the Germans on the subject of the re-establishment of through train services to Germany.

301. Supply of Coal to Austria.

The Council noted a decision of the Supreme Council³ on the subject of the guarantees demanded by the Austrian Government for its supply of coal (Doc. 274).

It was noted that the question was settled by Article 224 of the Peace Treaty; no action, therefore, was necessary.

¹ i. e., appendix 271.

² See HD-28, minute 5, vol. VII, p. 650.

³ See HD-36, minute 3, *ibid.*, p. 785.

302. Relations With Roumania.

The Council took note of a decision of the Supreme Council⁴ suspending until further orders the despatch of food supplies to Roumania (Doc. 275).

303. Allied Economic Policy in Russia.

Arising out of para. 258 of the Minutes of the 26th meeting, the Council took note of the decision of the Supreme Council⁵ relative to a communication to be addressed to the German Government and to Neutral Governments (Doc. 276).

The Council was further informed that this decision had so far produced no result.

304. Organisation of the Communications Section.

The Council noted an extract from the minutes of the Communications Section expressing the opinion that this section should, until further orders, continue to function.

The Council approved this view and referred to the Permanent Committee the question of the measures necessary to carry it into effect.

305. Organisation of the Finance Section.

The Council noted an extract from the minutes of the Finance Section and a recommendation of the Permanent Committee (Doc. 277) according to which the Finance Section was to take from henceforward the name of the Finance Committee and should refer to the Organisation Committee of the Reparation Commission and to the Supreme Economic Council.

M. Loucheur (Chairman of the Organisation Committee of the Reparation Commission) stated that the proposal of the Finance Section had already been agreed by the Organisation Committee.

The Council approved the proposal before it and decided that the Permanent Committee should regulate the details of its execution in agreement with the new Finance Committee.

306. Supply of Coal to Europe.

A. Arising out of para. 280 (b) of the minutes of the previous meeting.

(1) The President stated that, in accordance with the desire expressed by the Council at its last meeting, the Belgian Government had taken measures to restrict the consumption of coal in Belgium. He hoped to learn that this policy had been similarly applied in other countries.

(2) The Council was informed that a European Coal Commission had been established by the Supreme Council.^{5a}

⁴ See HD-37, minute 1, and HD-38, minute 3, vol. vii, pp. 811 and 836.

⁵ See HD-33, minute 2, *ibid.*, p. 720.

^{5a} See HD-24, minute 3, *ibid.*, p. 533.

In this connection, the Council examined a note from the Communications Section and a recommendation by the Permanent Committee (Doc. 278) suggesting that some of the functions of the Communications Section should be transferred to the European Coal Commission and that the European Coal Commission should be subordinate to the Supreme Economic Council.

After discussion, it was decided that:—

- (a) The responsibility for the production of coal now rests upon the European Coal Commission. Therefore, the agents attached to the various Transportation Missions of the Communications Section should, so far as they are concerned with the production of coal, be responsible to the European Coal Commission.
- (b) As regards the transport of coal, the European Coal Commission will act in liaison with the various Transportation Missions of the Communications Section;
- (c) As regards the general question of the relations between the European Coal Commission and the Supreme Economic Council, the only effective guarantee of the stability and smooth working of the European Coal Commission is that it should work in close liaison with the various Sections of the Supreme Economic Council.
- (d) The European Coal Commission and the Communications Section will be invited to prepare a draft Budget for the Missions in Central Europe with a view to the provision of the necessary resources.

B. The Council took note of a letter from the Austrian Delegation to the Peace Conference (Doc. 279) requesting the admission of an Austrian Delegate to the European Coal Commission. The Council was informed that the European Coal Commission had already replied that an Austrian Representative could be, if necessary, heard by the Commission, but that Austria, not being a producing country, could not become a member of the Commission.

It was decided that, in these circumstances, no action on the part of the Council was necessary.

307. Traffic on the Danube.

Arising out of para. 278 of the minutes of the previous meeting, the Council took note of a telegram (Doc. 280) in which Admiral Troubridge requested the immediate nomination of the American Arbitrator who, according to the Peace Treaty, was to decide the ownership of contested river shipping.

The French delegates observed that the question at issue was one concerned with the execution of the Treaty which was a function either of the Reparation Commission or of the Commission for the execution of the Peace Treaty.

On the proposal of the British Delegation it was decided to transmit the telegram to the Supreme Council without an expression of opinion.^{5b}

308. Request for Loading on Return Journey Steamships Carrying Cereals From the Argentine to Germany.

The Council noted a letter from the Allied Maritime Transport Executive (Doc. 281) approved by the Permanent Committee, requesting that, in a case where no allied cargo was available, German export goods might be loaded for the return voyage on ex-enemy ships which had been utilised under allied management for the import of cereals from the Argentine to Germany.

The Council approved the proposals of the Allied Maritime Transport Executive and of the Permanent Committee.

309. Suppression of the Black Lists.

The Council took note of a letter from the British Foreign Office requesting a decision as to the definitive suppression of the Black Lists at present under suspension.

The Permanent Committee recommended that the suppression of the Black Lists should be agreed immediately and should take effect, either at once, or at the date when the Peace Treaty came into force.

The Council decided that the Black Lists suspended by the decision of the 22nd April (Minute 106) should be at once suppressed.

310. Constitution of the Consultative Food Committee.

Arising out of para. 280 (a) of the minutes of the previous meeting, the Council noted and approved the memorandum (Doc. 282) establishing the Consultative Food Committee.

It was explained that, according to the wish expressed by the United States Delegates, this memorandum had been communicated to Mr. Hoover before his departure from Europe.

311. Supply of Food to Germany and Austria.

A. The Council took note:—

(1) of a note (Doc. 283) addressed by the Organisation Committee of the Reparation Commission to the Supreme Council and by the Supreme Council referred for observation to the Supreme Economic Council;

(2) of a report by the Consultative Food Committee (Doc. 284) on the German requests for food and fodder.

(3) of a letter from the Austrian Delegation relative to the requirements of the Austrian Republic (Doc. 285) and of a report by the Consultative Food Committee on the same subject (Doc. 286.)

The Chairman observed that it would be necessary to define the respective functions of the Organisation Committee of the Reparation

^{5b} See HD-64, minute 5, vol. viii, p. 462.

Commission and of the Supreme Economic Council and of its dependent bodies.

The Chairman of the Organisation Committee of the Reparation Commission recalled that, under the terms of the Peace Treaty, enemy States could request the Allied and Associated Governments to allow them to receive and to pay for, as a first charge upon reparations, certain quantities of raw materials which the Allied and Associated Governments should judge to be necessary in order to increase their powers of contributing to reparation. It was clear that the question of finance was exclusively the function of the Reparation Commission.

The British Delegates observed that the German demand in particular envisaged two solutions for the payment of foodstuffs, either payment as a first charge on reparation funds (in which case the Reparation Commission must obtain the approval of the Governments of the Allied and Associated Powers), or the utilisation of credits placed at their disposal, in which case the Reparation Commission could not alone handle the question.

The question also arose—what was the best method of purchase with a view to reducing to a minimum the quantities demanded and, in particular, to avoiding the indirect effect of excessive German purchases upon the markets of the world.

The British Delegates observed that, since a decision had just been taken that the same Financial Committee should advise the Reparation Commission and the Supreme Economic Council, a satisfactory liaison would seem to be established on this question between the Organisation Committee and the Council, and that it only remained to decide the relations between the Organisation Committee and the Consultative Food Committee. They further observed that what had just been said concerning the supply of foodstuffs should apply equally to raw materials.

After discussion it was decided that a note should be addressed to the Supreme Council in the following terms:—^{5c}

“The Supreme Economic Council requests the Supreme Council to give instructions to the Organisation Committee of the Reparation Commission, and later to the Reparation Commission itself, to proceed as follows for all questions concerning purchases of food and raw materials to be authorised under Article 235 of the Peace Treaty with Germany and under similar clauses in other Peace Treaties.

The programmes of and orders for the purchase of raw materials and of foodstuffs under these articles should be submitted to the examination of the Raw Materials Committee and of the Consultative Food Committee attached to the Supreme Economic Council.

^{5c} See HD-64, minute 3 and appendix C, vol. VIII, pp. 461 and 472.

These Committees will, at the same time, fix the conditions of purchase which seem to them likely to prevent speculation and unnecessary increase in the world cost of living."

It was further understood that, pending the reply of the Supreme Council, the Consultative Food Committee should pursue its current investigations.

B. The Council took note of a letter from the Austrian Delegation (Doc. 287) relative to the diversion to Trieste of ships carrying cereals destined for Rotterdam.

The Chairman stated that the projected exchange of cereals between the Belgian and Austrian Governments could not be carried into effect. In consequence the Council considered that the question did not call for any action.

[C.] The French Delegates called the attention of the Council to the very critical situation of Austria as regards coal. They stated that the European Coal Commission had under consideration the measures necessary in this respect and that the question would probably be referred to the Supreme Council.⁵²

312. Provision of Raw Materials to Europe.

Arising out of para. 280 (a) of the minutes of the previous meeting, the Council noted the report (Doc. 288) presented in the name of the Raw Materials Section.

The French Delegates explained the report. The situation of Egyptian cotton was less dangerous than might have been imagined. Stocks detained with British consumers, instead of being insufficient to requirements by 50%, would be as a matter of fact sufficient to meet the needs of British consumption and part of the consumption of the neighbouring countries.

They thought, however, that they could not altogether desist from their request that the British Government should find the means of assuring to the countries which had suffered through the War their just share of supplies. They recalled the fact that this idea emanated from the British Government itself.

The three following resolutions submitted unanimously by the Raw Materials Section were approved by the Council:—

(1) In order to meet difficulties which appear possible in the case of certain commodities for which a shortage may arise, the Committee regard it as desirable to establish a continuous exchange of information about production, quantities available and the distribution of Raw Materials.

(2) The Committee regard it as necessary to call the attention of the Organisation Committee of the Reparation Commission to the shortage of flax and to the advisability of opening negotiations with

⁵² See HD-66, minute 4, vol. viii, p. 509.

the Germans and Austrians with the view of securing from them a certain quantity of that material in exchange for other materials of which they stand in need.

(3) The Committee is of the opinion that, in a general way, the difficulties relating to the supplies of Raw Materials are only an aspect of the general question of European supplies which has been submitted to the Council at the present meeting and which concerns particularly the question of credits.

The Council next examined the following declaration submitted by the French, Italian and Belgian Delegations:—

The French, Italian and Belgian Delegates find that, in addition to the difficulties mentioned above, the supplies of raw materials are also impeded by certain specific measures as to discrimination of prices for export, or export duties.

The result of such measures is:—

- (a) that the life of certain industries is dangerously affected;
- (b) that the equitable treatment of commercial conditions is all the more compromised because the question is one of a supply which is fundamental for the economic life of the various countries.

The French Delegates in their own name and in the name of their Italian and Belgian colleagues, wished to draw attention to the extreme gravity of a policy which in effect consisted of giving a considerable premium to the national industrial products of countries which possessed raw materials, either in the form of import taxes on these raw materials, or in the form of differential prices fixed for the same commodity, according to whether it was consumed in the country or sold abroad.

They saw in this policy the very greatest danger of customs competition. They feared that such a policy (which certain countries had already shown an intention of applying on their own account) would tend to become general, and to end in the re-establishment of economic barriers such as the world had not known for centuries.

The consequences of such a state of things would inevitably be grievously felt by countries which had suffered by the war and which would be most especially hit by existing measures, or by those which it could be foreseen might be taken.

The British Delegates expressed their regret that the very precise instructions which they had received did not permit them to associate themselves with the declaration under discussion. They would not fail to report to their Government the exact terms of the declarations which had been made and to do everything in their power to impress upon it the very great importance which the Allied Delegations attached to the re-opening of the question at issue.

313. German Import Policy.

The Council noted a recommendation from the Permanent Committee transmitting the summary of a note from the British Delegation on the subject of the policy adopted by Germany in the matter of import (Doc. 289.)

The French Delegates asked whether the question at issue was one of permanent measures or of measures taken for the period of the Armistice. If it was a question of permanent measures, it would be necessary to examine the question according to the terms of the Treaty, and the competent body for this was the Commission for the execution of the Treaty.

They proposed, therefore, that a meeting should be held with the Germans at Versailles and that explanations should be verbally demanded from them.

It was decided that the Organisation Committee of the Reparation Commission should be asked to arrange, as soon as possible, a conference with the Germans at Versailles, or at Paris, on the understanding that the Organisation Committee of the Reparation Commission should be warned five days in advance of the date of the meeting.

314. Customs Duties To Be Applied to Occupied Territories.

The British Delegates explained that the Inter-Allied Rhineland Commission had forbidden the German Authorities to apply to Allied goods at their entrance into occupied territories the increased customs duties established by Germany during the war. This appeared to the British delegates to be contrary to the moral obligations entered upon with the Germans. They requested, therefore, that the decision of the Commission should be revoked.

The French Delegates observed that the Peace Treaty gave to the occupying authorities the right to fix customs tariffs differing from those of non-occupied Germany, in the interests of the population of the occupied territories. But it had been understood that for the time being this right would not be used except under certain circumstances.

In view, however, of the fact that the question at issue was one of measures taken under Armistice conditions, they agreed with the views of the British Delegation, and it was decided:—

(a) that the Inter-Allied Rhineland Commission had not exceeded its powers.

(b) that the Commission should, nevertheless, be informed that the Supreme Economic Council considered it highly desirable that the measure taken by it should be revoked and that the German Authorities should be authorised, for the time being and without prejudice to the stipulations of the Peace Treaty, to apply to occupied territories the customs tariffs in force for non-occupied territories.

315. General Economic Situation of Europe.

The Council examined a note prepared at the request of the Permanent Committee by the French Delegate on the Permanent Committee.

At the request of the representative of the British Treasury several modifications of detail were made in this draft and it was decided that the text thus elaborated (Doc. 290) should be transmitted to the Supreme Council in the name of the Supreme Economic Council.

316. Delivery to the Allies of German Tank Steamers.

The President of the Allied Maritime Transport Executive explained the question at issue and asked the Council to ratify the proposals contained in the note of the Transport Executive (Doc. 291). In particular he called attention to the note of the American Delegate (Annex B to Doc. 291) requesting that the Supreme Economic Council should itself be asked to decide as to the revocation or the maintenance of the provisional exemption of these ships accorded by the Brussels Agreement.

The Council, in virtue of the Powers conferred upon it by the Supreme Council at the time of the Brussels Agreement, approved the proposals of the Transport Executive, viz:—

(1) That the provisional exemption of German tank steamers agreed to at Brussels should be revoked. This revocation shall be understood to be without prejudice to any measures provisionally taken by the Allied Naval Armistice Commission.

(2) That the ships should be delivered for management to the Allied and Associated Governments under the usual Armistice conditions.

(3) That if the German Government so desires, the ships should be employed for at least one voyage to transport petrol to Germany.

Attention was called to the fact that the American Delegate on the Transport Executive had stated that, if the Supreme Economic Council approved the revocation of the exemption, no objection would be made by his Government to this resolution.⁶

The French Delegation declared that it would insist that the French Ministry of Marine should agree that the *Vesta* should be handed over to Italy.

317. Serbian Demand for the Allocation of Ex-Enemy Ships.

The Council took cognisance of a note from the Delegation of the Kingdom of the Serbs, Croats and Slovenes demanding the allocation of ex-enemy ships (Doc. 292).

The President of the Allied Maritime Transport Executive remarked that the principal question at issue was a question of reparations and that the immediate provisional allocation of a certain amount of ton-

⁶ But see HD-62, minute 1, vol. VIII, p. 403; also *Foreign Relations*, 1920, vol. II, pp. 546-549.

nage would present serious difficulties, in view of the fact that all ex-Austro-Hungarian ships were actually allocated for management and that it would be necessary to withdraw some of them from the managing powers in order to allocate them to Serbia.

It was decided to ask the advice on this subject of the Organisation Committee of the Reparation Commission.

318. Place of Next Meeting of the Council.

The Italian Delegation declared that they had not yet received instructions from their Government on the subject of the next meeting of the Council. They, nevertheless, expressed their hope to see the Council hold its next meeting in Rome.

It was decided that the next meeting should take place in any case in the month of October and that the Permanent Committee should be charged with the duty of fixing a definitive date.

Appendix 271

[Note Prepared by the Permanent Committee Regarding the Procedure and Powers of the Committee]

The attention of the Council is drawn to Minute 295 of its Thirtieth [Twenty-ninth] Meeting when it was decided to establish a Permanent Committee sitting in London to deal with matters of routine or current business.

The Council is informed that the Permanent Committee is constituted as follows:—

Belgium	Count Kerchove
France	M. Avenol
Great Britain	Mr. Wise
Italy	Dr. Giannini
U. S. A.	

The Secretariat is composed as follows:—

Belgium	M. Henry
France	M. Frederix
Great Britain	Mr. James
Italy	M. Bertelli
U. S. A.	

The Permanent Committee held its preliminary Meeting at Trafalgar House, London, on Friday September 5th.

The Permanent Committee held its First Meeting at Trafalgar House on Saturday September 13th. A copy of the Minutes of the First Meeting of the Committee is attached for information.

The Committee further draws the attention of the Council to the attached note on the procedure of the Committee which was approved at the First Meeting.

The Committee attaches the greatest importance to the immediate co-operation in its work of the Government of the United States.

[Enclosure 1]

*First Meeting 13th September, 1919, [of the] Permanent Committee,
Supreme Economic Council*

PRESENT:—

M. Avenol (France) (In the Chair)
Mr. Wise (Great Britain)
Count Kerchove (Belgium)
Dr. Giannini (Italy)

IN ATTENDANCE:—

Colonel Maxwell (Communications Section)

SECRETARIAT:—

M. Frederix (France)
Mr. James (Great Britain)
M. Herry (Belgium)
M. Bertelli (Italy)

1. Chairman—It was agreed that M. Avenol should preside at the Meeting.

2. Procedure and organisation of the Permanent Committee—Memorandum (No. 18) circulated.

Memorandum No. 18 was agreed subject to slight modifications and it was decided that it should be circulated for information to the Council together with a covering note officially informing the Council of the constitution and membership of the Permanent Committee and its Secretariat.

3. Request of Greek Delegation for Railway material—Letter from the Greek Delegation (No. 2) circulated.

The Chairman said that the sanction of the French Treasury was awaited for the delivery of this material.

Colonel Maxwell stated that the Communications Section had not received this demand. He agreed that it should be granted.

It was decided that subject to the concurrence of the French Treasury and of the Italian Delegate on the Communications Section, the request of the Greek Delegation should be granted.

4. Material necessary for the repair of a Bridge over the Save—Letter from the French Ministry of Public Works (No. 8) circulated.

The Chairman read a telegram from General Gassouin suggesting that the intervention of the British Ministry at Bucharest should be requested.

Col. Maxwell stated that when the question was discussed by the Communications Section on the 13th August, General Mance had stated that orders had been given that the material in question should be delivered as soon as possible.

The Committee agreed that it was of great importance that delivery of material for this Bridge should go forward and it was decided to request the Communications Section to see that it did go forward. The British Delegate undertook to approach the British Minister at Bucharest in the same sense.

5. Future of the Communications Section—Extract from the Minutes of the 35th Meeting of the Section (No. 13) circulated.

The Committee agreed that the Communications Section should continue in the form suggested and decided to send Extract No. 13 and its own decision to the Council for information.

6. Congestion of Polish base at Dunkirk—Extract from the 36th Meeting of the Communications Section (No. 14) circulated.

The Committee agreed to refer the question to the A. M. T. E. with a request that the A. M. T. E. would take action and report action taken to the Committee.

7. Credits for materials to the Baltic Provinces—Extract from the Minutes of the 37th Meeting of the Communications Section (No. 15) circulated.

At the request of the French Delegate consideration of this question was deferred until such time as the French Ministry of Public Works had considered the relevant Minutes of the Communications Section.

In the meantime it was agreed to ask the Finance Section to consider what action could be taken in the way of providing credits for the materials required in the Baltic Provinces. A list of these materials (e. g. copper, white lead and other materials for railway repairs) had already been transmitted by Col. Maxwell to the Finance Section.

8. Discussion whether Poland should be considered at Peace or at War—Extract from the Minutes of the 35th Meeting of the Communications Section (No. 16) circulated.

It was agreed to refer the question back to the Communications Section with the statement that, subject to the right of the Communications Section to re-open the question, the Committee considered that no further action should be taken.

9. Responsibility for European Coal production and transport—Memorandum by the Communications Section (No. 17) circulated.

It was decided to refer memorandum No. 17 to the Council with the following recommendations

(a) That the responsibility for the production of coal now lies with the European Coal Commission. Therefore the Officers attached to the various Transportation Missions of the Communications Section should, so far as they are concerned merely with the production of coal, transfer their responsibility to the European Coal Commission.

(b) That, as regards the transport of coal, the European Coal Commission will act in liaison with the various Transportation Missions of the Communications Section.

(c) That as regards the general question of the relations between the European Coal Commission and the Supreme Economic Council, the Permanent Committee considers that the only effective guarantee of the stability and smooth running of the work of the European Coal Commission is that it should be part of the organisation of the Supreme Economic Council.

10. Appointment of Arbitrators for distribution of Danube Shipping.

Colonel Maxwell read a telegram from Admiral Troubridge to the Communications Section and an extract from the Minutes of the Communications Section, stating that in view of the fact that navigation was now being resumed on the Danube, and in view of the importance of re-establishing this navigation on a firm foundation, it was desirable that the appointment of the Arbitrators nominated under the Peace Treaty to arrange the definitive allocation of Danube shipping, should be antedated.

The Committee agreed to recommend to the Council that it should submit a recommendation in this sense to the Supreme Council.

11. Supply of Pharmaceutical products to Poland. Report of British Relief Missions (No. 1) circulated.

It was agreed to submit report No. 1 to the Council for information.

12. Request for the admission of an Austrian delegate to the European Coal Commission—Letter from the Austrian Delegation (No. 3) circulated.

The Secretariat stated that this question had already been discussed by the European Coal Commission, which had decided that, since Austria was not a producing country, she could not properly be represented on a Commission on producing countries. At the same time it was intimated that an Austrian representative could be heard, should need arise, both by the European Commission and by the Sub-Commission of Mahrisch-Ostrau.

It was agreed to refer letter No. 3 to the Council with a recommendation that a reply should be sent on the same lines as the reply of the European Coal Commission.

13. Resolution of the Supreme Council for information—Resolutions No. 4 circulated for information.

(a) Relations of Germany and Neutrals with Russia

(b) Guarantee Clauses for the supply of coal to Austria

- (c) Interruption of supplies to Rumania
- (d) Allied Economic Policy in Russia
- (e) Exchange of goods between the States of Central Europe.

These reports were referred to the Council for information.

14. Request to load on return journey Steamers carrying cereals from the Argentine to Germany—Letter and enclosure from the A. M. T. E. (No. 5) circulated.

Letter No. 5 was referred to the Council with the recommendation that the request therein contained should be agreed to.

15. Future of the Finance Section—Extract from the Minutes of the 22nd Meeting of the Finance Section (No. 6) circulated.

It was agreed to refer to the Council the recommendations of the Finance Section, with the recommendation that they should be agreed to subject to the deletion in paragraph 2 of all words after "reconstruction".

16. Diversion to Trieste of Wheat destined for Austria via Rotterdam—Letter from the Austrian Delegation (No. 9) circulated.

It was stated that, as regards the S. S. *Contessa Adelina*, the question had been already settled, since the boat had received orders to proceed to Trieste.

As regards the supply to Austria by Belgium of 5,000 tons wheat it was stated that since the Belgian Government was unable to supply this quantity this part of the question might be considered as having lapsed.

It was agreed to refer this question as a matter of urgency to the A. M. T. E. with the request that they would formulate a recommendation before the next Meeting of the Council.

The Italian Delegate stated that, for the *Contessa Adelina*, it was necessary to give definite orders immediately and it was, therefore, decided that this steamer should proceed to Trieste. In connection with the supply of 5000 tons of Wheat to Austria by Belgium, the Italian Delegate stated that, in order to avoid any question about the discharge of these steamers at Trieste, he proposed to the Italian Government to give 5000 tons out of the Government stocks, to be replaced out of the cargo of the first steamer arriving in Trieste.

17. German Import Policy—Memorandum by Mr. Waterlow (No. 11) circulated.

It was agreed that a summarised version of Mr. Waterlow's memorandum should be referred to the Council with the recommendation that the Germans should be requested to communicate to the Allied and Associated Governments a complete list of commodities the import of which into Germany it was desired either to prohibit or to restrict.

It was further agreed to recommend to the Council that immediate arrangements should be made for a full discussion of the question be-

tween representatives of the German Government and representatives of the Allied and Associated Governments. At this discussion the Reparation Commission should be represented.

18. Abolition of Black Lists—Letter and enclosure from the British Foreign Office (No. 12) circulated.

It was agreed to refer this question to the Council with the recommendation that either at once, or as soon as the Peace Treaty entered into force, the Black Lists should definitely be abolished.

19. Powers of the Organisation Committee of the Reparation Commission as regards the authorisation of Finance for supplies to Austria and Hungary. Memorandum for the Supreme Council by the Organisation Committee of the Reparation Commission (No. 7) circulated.

Memorandum No. 7 was referred to the Council.

20. Food requirements of Germany—Report from Consultative Food Committee (No. 10) laid on the table.

The British Delegate summarised the main points of the Consultative Food Committee's report.

The Food Committee had examined the German requirements of foodstuffs and fodder and had come to the following conclusions:—

- (a) The requirements set out did not appear to be excessive.
- (b) The requirements would appear to involve between 250 and 300 millions sterling.
- (c) This finance could be obtained by Germany either in the form of credits or in the form of a postponement of reparation under Article 235 of the Peace Treaty.
- (d) The question of tonnage could be solved if finance were available.
- (e) It was essential that Germany should purchase under the general direction of the Consultative Food Committee.
- (f) In the event of a decision being taken to allow Germany to obtain some or all of the finance required, the Consultative Food Committee should be authorised to discuss details of purchases, etc., with the German experts.

It was agreed to forward the Consultative Food Committee's memorandum to the Council with a further memorandum informing the Council of the constitution and functions of the Consultative Food Committee.

21. General Food situation of Europe.

The Chairman stated that the problem raised by the previous discussion (No. 20) could only be presented, not solved by the Committee. It was in reality a European problem, not purely a German or Austrian problem.

It was agreed that the Chairman should draft a memorandum on the general situation for submission to the Council. This memoran-

dum to be discussed at a special meeting of the Committee to be held on Tuesday September 16th at 12.30 p. m.

[Enclosure 2]

Note on Procedure of the Permanent Committee of the Supreme Economic Council

1. The Terms of Reference of the Permanent Committee are as follows:—To dispose of matters of routine or current business, referring to the full Council questions of great importance or cases in which a difference of opinion has occurred.

2. The Headquarters of the Permanent Committee shall be in London at a place to be fixed from time to time by the Committee and all communications to the Permanent Committee should be addressed there. Any documents received by the Council will be referred to the Committee.

3. The Committee shall consist of one representative of each of the Governments who are represented on the Council. The Committee shall have the right to limit numbers present, but, subject to this, any representative may when necessary invite experts or members of other Committees responsible to the Supreme Economic Council.

4. The Secretariat shall have no executive power, but shall be responsible for the preparation of the Agenda and Minutes, circulation of papers and the communication of decisions to all persons concerned.

5. Each Member of the Permanent Committee shall have the right to preside in turn at its meetings.

6. The Committee shall meet at least weekly or more frequently if necessary. For the present, Friday at 3 o'clock shall be the time of the weekly meeting.

The Committee will usually meet in London, but it may decide, if necessary, to meet elsewhere.

7. No decision shall be operative if any member of the Committee dissents from it. It shall always be open to any member of the Committee, either to postpone expression of his opinion until after he has consulted his Ministers or to request that consideration of the matter be deferred until the next meeting of the Supreme Economic Council.

8. The Members of the Committee shall be provided with full minutes and papers of all Committees or other bodies affiliated to or working under the authority of the Supreme Economic Council. References to the Council from such bodies shall, in the first place, be considered by the Permanent Committee, who shall, unless the matter is reserved by any Member of the Committee, endeavour to reach a decision or to narrow down the points on which a decision is to be obtained from the Council.

9. The Committee shall be responsible for preparing the Agenda for the Periodical Meetings of the Council and shall, whenever possible, draft recommendations or alternative recommendations for the consideration of the Council.

10. Papers for consideration by the Committee shall be circulated to the Members of the Committee not later than the day before the meeting of the Committee.

Appendix 272

AMERICAN COMMISSION TO NEGOTIATE PEACE,
PARIS, August 11, 1919.

MY DEAR MAJOR WRIGHT: With reference to your letter of July 22nd, in which you requested me to bring to the attention of the Supreme Council certain proposals from the Allied Railway and Food Administrations at Warsaw on the subject of the interchange of goods between the central European states, I have to inform you that this matter was considered at yesterday's meeting.⁷ It was decided that the raising of the blockade had rendered unnecessary any action by the Council on this question.

Very sincerely yours,

LELAND HARRISON

MAJOR BOYKIN WRIGHT,

*American Secretary, Supreme Economic Council
51, Avenue Montaigne, Paris*

Appendix 273

Supply of Drugs for Poland: British Action

31 JULY, 1919.

1. Early in March 1919, Col. Tallents, Chief of British Mission to Warsaw, forwarded a report on the health conditions in Poland and included a list of disinfectants and apparatus needed for the campaign against epidemics as well as a list of drugs urgently required.

2. In that month the British Red Cross granted £100,000 for medical supplies for Poland.

3. A credit of £100,000 was applied for by the British Director of Relief Missions and approved by the British Treasury for the purchase of drugs and disinfection apparatus, from supplies which the War Office had available for export. Of this amount £29,600 has been allocated to the purchase of 148 disinfecting apparatus, and the remaining £70,400 to the purchase of drugs amounting to approximately

⁷ See minute 5 of meeting of August 11, 1919, HD-28, vol. vii, p. 650.

one third of the original programme for which application was made by the Polish Government. Details of these supplies are being furnished by the Army Contracts Department.

4. In addition to these supplies, the British Director of Relief Missions is endeavouring to arrange such credit as may be necessary to purchase certain supplies of hospital material available from British Government stocks. It is tentatively reported that stocks value £60,000 are available, but this figure is expected to be substantially increased when final report is received. Furthermore it has been proposed that £10,000 should be placed at the disposal of the British Red Cross Society in consideration of the £10,000 which they had allocated to the Polish Sanitary Campaign.

5. Motor Transport for anti-typhus campaign approximate value £1,300,000 is available from British stocks in England. It is anticipated that the whole supply necessary could probably be made from British stocks in France, Italy and Great Britain. This information has been passed to British Red Cross and Mr. Hoover, as finance for purchase of this transport is not available out of British credits.

Appendix 274

Resolution of the Supreme Council 22nd August, 1919: Clauses of Guarantees for the Supply of Coal (Peace Treaty With Austria)

It has been decided that the question of obtaining sufficient guarantees for the supply of coal by Tcheco-Slovakia and Poland to Austria, to the States arising out of the ancient Austro-Hungarian Monarchy, and to the territories ceded by the Allied and Associated Powers, will be referred to the Coal Committee, which will make a report after consultation with the Economic Commission.

The above mentioned Committees will also state in what convention these clauses of guarantee should be inserted according to their opinion.

Appendix 275

Resolution Passed by the Supreme Council 25th August, 1919: The Supply of Provisions to Roumania

It is decided following on the resolution carried on the 23rd August 1919 (H. D. 37)⁸ that the United States of America, Great Britain, France, Italy, and Japan will cease to send any kind of provisions to Roumania until further notice.

⁸ Minute 1, vol. vii, p. 811.

It is further decided to send the following telegram to the Roumanian Government through the Chargé d'Affaires at Bucharest.

TELEGRAM SENT BY THE SUPREME COUNCIL TO THE ROUMANIAN GOVERNMENT

(Through the French Chargé d'Affaires)

Paris, 25th August, 1919.

Reports of the Inter-Allied Commission of Generals at Bucharest [Budapest] show that the Roumanian Military Authorities continue to empty Hungary of supplies of every kind in spite of the assurances given by the Roumanian Government by its representative in Paris.

The Peace Conference has received this information with the greatest surprise and awaits with great impatience for the reply of the Roumanian Government to the telegram addressed to it on the 23rd inst. by the Supreme Council which has definitely confirmed the views already expressed on several occasions: The Peace Conference feels obliged to warn the Roumanian Government from henceforward that if the proceedings of the Roumanian Authorities in Hungary are not completely and immediately modified, such an attitude will entail the most serious consequences for Roumania.

G. Clemenceau

Appendix 276

Resolution of the Supreme Council 19th August, 1919

It has been decided to send a communication to the German Government and the neutral States in the name of the Principal Allied and Associated Powers asking them:—

- (a) To refuse clearance papers to all ships going to or coming from Russian Bolshevik ports;
- (b) That a similar embargo be placed on all goods consigned over land to Bolshevik Russia;
- (c) To refuse passports to any person going to or coming from Bolshevik Russia;
- (d) To forbid banks to do business with Bolshevik Russia;
- (e) To refuse as far as possible to accept at any telegraphic offices or wireless telegraphy stations, messages addressed to or coming from Bolshevik Russia and to refuse to forward correspondence to or from Bolshevik Russia;

Addendum to the Resolution of the 19th August With Reference to Blockade of Russia

and to inform them:

- (f) That the Allied and Associated Powers intend to enforce in their countries similar measures to those which the neutral States are asked to adopt;

(g) That the vessels of the Allied Navies which will keep watch over the intended embargo of the ports of Bolshevik Russia will act in the name of the Allied and Associated Governments.

Appendix 277

[Extract From the Minutes of the Finance Section]

SUPREME ECONOMIC COUNCIL, FINANCE SECTION,
26, RUE DE BASSANO, PARIS,
22 August, 1919.

SIR: With reference to para. 269 of the minutes of the Supreme Economic Council, when it was agreed that the Finance Section should collaborate with the Organisation Committee of the Reparation Commission on financial questions which are in process of execution and the solution of which is urgent, I am directed to inform you that the future of the Finance Section was discussed at its last meeting, and it was recommended that the Finance Section should be renamed the "Finance Committee" and that its terms of reference should be:—

(1) To advise the Reparation Organisation Committee on financial questions arising out of execution of the Peace Treaties and Armistices with the Central Powers, pending the constitution of the Reparation Commission.

(2) To advise the Inter-Allied Economic Council on financial questions connected with relief and reconstruction should any such questions arise (pending the removal of the Inter-Allied Economic Council to London).

I am therefore to request that those recommendations may be submitted to the Organisation Committee of the Reparation Commission at their next meeting, and that the Finance Section may be informed of their decision.

I am [etc.],

C. B. S. MONFRIES.
Secretary.
M. H. W.

THE BRITISH SECRETARY,
Organisation Committee,
Reparation Commission, Paris.

Recommendation by the Permanent Committee, September 13th, 1919

15. Future of the Finance Section—Extract from the Minutes of the 22nd Meeting of the Finance Section (No. 6) circulated.

It was agreed to refer to the Council the recommendations of the Finance Section, with the recommendation that they should be agreed to subject to the deletion in paragraph 2 of all words after "reconstruction".

Appendix 278

Note [From the Communications Section] for the Permanent Committee of the Supreme Economic Council

The Secretary of the Communications Section raises the following question:—

In the fifth paragraph of the Minutes of the 1st Meeting of the European Coal Commission, it was decided to send to all European nations including Allies, Enemies and Neutrals, three sets of questions concerning the production of coal and the means of increasing it.

Up to the present the responsibility for the production of coal has lain with the Transportation Missions of the Communications Section with the various countries. The question of the future responsibility of these officers would seem to be a matter for the Supreme Economic Council to consider. Presumably these officers will be taken over by the European Coal Commission, but it would be desirable that some ruling should be given on this point by the Supreme Economic Council.

Recommendation by the Permanent Committee Sept. 13th, 1919

9. Responsibility for European Coal production and transport—Memorandum by the Communications Section (No. 17) circulated.

It was decided to refer memorandum No. 17 to the Council with the following recommendations.

(a) That the responsibility for the production of coal now lies with the European Coal Commission. Therefore the Officers attached to the various Transportation Missions of the Communications Section should, so far as they are concerned merely with the production of coal, transfer their responsibility to the European Coal Commission.

(b) That, as regards the transport of coal, the European Coal Commission will act in liaison with the various Transportation Missions of the Communications Section.

(c) That as regards the general question of the relations between the European Coal Commission and the Supreme Economic Council the Permanent Committee considers that the only effective guarantee of the stability and smooth running of the work of the European Coal Commission is that it should be part of the organization of the Supreme Economic Council.

Appendix 279

[Letter From the Austrian Delegate (Renner)] to the Chairman of the Supreme Economic Council, Paris

No. 1072

ST. GERMAIN-EN-LAYE, August 19, 1919.

SIR: According to information which the German Austrian Peace Delegation received, the Coal Commission actually sitting in Moravian

Ostrau will be dissolved on Sept. 1st. 1919. This measure will add a new and dangerous element of anxiety to the perilous position of our coal supply.

For some time already German Austria has from the above mentioned mines only received part of the quantities to which she is entitled on the basis of former stipulations, quantities which, besides, are far from sufficient for her most urgent requirements. The dissolution of this commission will further appreciably aggravate the present deplorable state of affairs.

On the other hand, according to the same information, an international coal commission will be established in Paris, in which Germany is said to be represented by a technical expert. In view of the fact that our whole economic existence depends on the possibility of obtaining the most indispensable quantities of coal, that Delegation begs that the Supreme Economic Council concede also to German Austria the right to be represented in this Commission by a technical expert.

I am [etc.]

RENNER

Appendix 280

Telegram From Budapest to Communication[s] Section, Supreme Economic Council, Paris

The opening of Danube has caused great activity in shipping circles. New Danubian states and British shipping companies engaged in negotiations for transfer of shipping from former owners are unable to complete transactions and commence operations owing to doubtful title of ships in river. It is imperative for welfare of all Danubian countries and river navigation that the American Arbitrator referred to in treaty should commence his arbitrage with the least possible delay. No. 44.

ADMIRAL TROUBRIDGE
Budapest
103pm

Appendix 281

MINISTRY OF SHIPPING,
ST. JAMES PARK, LONDON, S. W. 1,
20 August, 1919.

SIR: I am directed by the Allied Maritime Transport Executive to forward to you a copy of a letter which has been received from Messrs. W. H. Muller & Co., London, in regard to the shipment of German cargoes on ex-German vessels now under Allied management, and to

ask whether, in view of the Supreme Economic Council, this request should be granted when no Allied outward-bound cargo is available.

I am [etc.]

N. A. GUTTERY

For Secretary, Allied Maritime Transport Executive

THE SECRETARY,

Supreme Economic Council,

26, Rue de Bassano, Paris.

[Enclosure]

HOLLAND HOUSE, BURY STREET, E. C. 3,

14 August, 1919.

MESSRS. THE ROYAL COMMISSION ON WHEAT SUPPLIES,

Trafalgar House, Waterloo Place, S. W. 1.

DEAR SIRS: We have received the following letter from Messrs. Wm. H. Muller & Co., the Hague:—

"Our representative in Germany raises the question whether it would not be possible that some of the steamers which discharge German grain in one of the German ports, and which return to the Argentine, take some outward cargo of German goods to South America. As we understand that the blockade has been lifted and Dutch liners are now allowed to accept German outward cargo, it is not absolutely impossible that you come to an agreement with Captain Elliot, or at least that Captain Elliot raises this question before the Economic Council. This, of course, would mean the beginning of the direct export from Germany oversea.

We are simply forwarding this proposition to you as we have received it from German side and shall be glad to receive your reply."

We shall be glad if you will enable us to reply.

Yours faithfully,

For Wm. H. Muller & Co. (London) Ltd.

Appendix 282

Memorandum on Establishment of the Consultative Food Committee

1. A Consultative Food Committee shall be established authorising a representative of each country which is a party to this agreement. It shall meet periodically and its Headquarters shall be in London.

2. The functions of the Committee shall be

To provide a means of consultation on questions of food policy, and the co-ordination of action in connection therewith, with the intention of bringing producers and consumers into close relation so as to avoid profiteering which reacts on the general cost of living throughout the world.

3. Each party to the agreement will be solely responsible for providing its own finance and tonnage.

4. In so far as the Food Committee may set up arrangements for co-operation in purchasing it will act through such executive buying agencies as it may select.

5. In all cases written confirmation will be given to the appropriate buying agency that the necessary finance is available when a request is made to purchase in overseas markets.

6. The expenses of each Executive Buying Agency will be borne by the parties to the Agreements in proportion to their purchases.

7. Detailed procedure in respect of Wheat and Flour, Meat and Sugar, will for the present be as set out in annexes 1, 2 and 3 of this Memorandum (not attached). These annexes will however be subject to revision from time to time by the Consultative Food Committee, which may, if necessary, draw up additional provisions in respect of other commodities.

8. The arrangements set out in this memorandum shall continue at least to cover all shipments made before Jan. 1st. 1920.

Appendix 283

GENERAL SECRETARIAT OF THE PEACE CONFERENCE,
PARIS, 2 September, 1919.

The General Secretariat of the Peace Conference has the honour of forwarding to Monsieur Clémentel a copy in duplicate of a note addressed by the Organising Committee of the Reparation Commission to the Supreme Council with reference to the Powers in connection with the allocation of finance for the Food supply of Austria and Hungary.

[Enclosure]

Note From the Organisation Committee of the Reparation Commission to the Supreme Council of the Allied and Associated Powers

PARIS, 2 September, 1919.

OBJECT: The powers of the Organisation Committee with regard to the authorisation of finance for supplies for the Austrian Republic and Hungary.

At a Meeting on the 12th August the Organisation Committee of the Reparation Commission considered 2 questions submitted by the British Delegation with regard to:—

1. The supply of cereals to the Austrian Republic
2. Supply of medical materials to Hungary

In examining the questions of principle raised by these two topics, the Organisation Committee points out that in accordance with Articles 177, 193 and 196 of the draft Treaty with Austria, the principal Allied and Associated Powers have the right to authorise the establishment of credits for the supply of Food Stuffs and raw materials to Austria: these credits may be drawn from funds allocated to reparation. Article 193 would appear to indicate that the Reparation Commission has power to grant this authorisation. Up to the present time the Supreme Economic Council has been occupied with examining questions of this kind, but it appears that the whole of the Organisation brought into existence for this object will shortly disappear. It is possible that several months will elapse before the Austrian Treaty comes into force. Until then there will be an interval during which Austria may have urgent need of supplies of foodstuffs and raw materials; at any rate during this time arrangements may have to be made in view of future requirements.

Neither the Organisation Committee nor the Reparation Commission when it is operating in virtue of Treaty with Germany, will be competent to act in this matter, unless the necessary powers to do so are specially delegated to them by the Supreme Council. The Organisation Committee proposes that during the intermediary period either it or the Reparation Commission should be invested with the necessary powers to grant such credits. It should be pointed out that the Committee does not possess the necessary machinery to judge of the necessity of such credits. It is proposed that an arrangement be made with the Supreme Economic Council whereby one or more of its Officers who have collaborated in this work in Austria will pass, when it terminates its relief work, into the services of the Committee.

There is ground for hope that it will not any longer be necessary to have recourse to special measures in order to assure supplies and that all the necessary measures can be taken by the Organisation usually charged with supply, with the obvious reservations that the necessary credits are granted. If nevertheless special measures are still found to be necessary, the Committee desires to point out to the Council that it is not considered suitable to amalgamate its functions of providing supplies to those which are already in charge of the Reparation Commission.

It may be necessary to provide similar powers in regard to Hungary.

*By Order of the Organisation
THE INTER ALLIED SECRETARIES*

Appendix 284*Memorandum Submitted by the Consultative Food Committee to the Supreme Economic Council*

Under Article 235 of the Peace Treaty the Allies have agreed to allow Germany to postpone payment of such portion of the first thousand million pounds sterling by reparation as may be necessary to enable her to purchase such quantities of food and raw material as the principal Allied and Associated Governments consider essential for her if she is to be in a position to pay reparation.

In the formal reply of the Allied and Associated Governments to the German objections to the Peace Treaty it was stated that the portion of the concession in this clause must be subject to the Germans complying with such conditions as the Allied and Associated Governments might find it necessary to lay down with a view to protecting their own interests.

The Organising Committee of the Reparation Commission at one of their early meetings with the Germans at Versailles asked for a list of the Feeding Stuffs and raw materials which the Germans desired should be within the limits of this clause.

On the 6th of August Herr Von Lersner submitted a list of Feeding-stuffs, Fodder, Fertilisers and raw materials, of which a copy is attached, which he stated would be required by Germany in the near future. The lists of Feeding-stuffs and Fodder have been carefully considered by the Consultative Food Committee and the following conclusions have been reached:—

1. Having regard to pre-war requirements of Germany and the information available as to German Harvests and the state of German Live Stock, the requirements stated do not appear to be at all excessive, based on a pre-war consumption, and assuming that an allowance has been made for the accumulation of a small stock of these commodities, in addition to consumption. But it is not possible to give a complete answer to this point until more information is available with regard to some of the items.

2. It is not possible to consider the demands in detail until the information is available as to the finance which will be at Germany's disposal. In round figures the Feeding-stuffs, Fodder and Fertilisers in the lists submitted apart from Raw materials would cost about two hundred and fifty million sterling for the full amounts supplied. Herr Von Lersner, Chief German Delegate at Versailles, is unable to give any information as to how the money can be provided. Apparently it must come either from credits supplied by the Allied and Neutral Governments or from the postponement of the reparation in Clause 235 of the Treaty.

3. The Consultative Food Committee desires to ask the Supreme Economic Council for information as to the amount of finance that will be available for Germany for the purchase of Food-stuffs.

4. No information is available as to the tonnage that will be at the disposal of Germany. It is assumed, however, by the Consultative Food Committee that if finance is available Germany would be able to charter considerable quantities of tonnage in the open markets. This question, however, would apparently have to be considered by the Shipping Section.

5. If Finance and Tonnage are at Germany's disposal for the whole year it is, in the opinion of the Consultative Food Committee, essential that Germany should be required to make her purchase under general or specific direction from the Consultative Food Committee. In respect of some commodities, e. g. meat, feeding cakes, and feeding-stuffs it is improbable that more than a proportion of the German demands could possibly be supplied. In respect of these and also other commodities the fact of Germany buying on this scale might have serious effects on the markets.

6. The Consultative Food Committee recommends that as soon as the decision is reached as to the amount of finance available to Germany for food it should be authorised to discuss programme and purchase in detail with the German Experts. For this purpose the most convenient course would be for the Germans to send their experts to London.

[Enclosure]

*The President of the German Peace Delegation [(Von Lersner)
to the Chairman of the Organizing Committee of the Reparation
Commission (Loucheur)]*

Translation

VERSAILLES, 6 August, 1919.

YOUR EXCELLENCY: I have the honour to transmit to you the attached 6 Provisional Lists of foodstuffs, fodder, fertilisers and raw materials which will be required by Germany in the near future.

The German Government proposes to give information later as to what purchases against credit it is intended to make on free markets.

For such purchases we will make arrangements with the Allied and Associated Governments in virtue of Article 235 of the Peace Treaty.

I should be very much obliged if you would inform me whether among the goods mentioned on these lists there are any which could be supplied from countries of the Entente, and what would eventually be the quantities and qualities, as well as the prices which would be asked.

Be so good as to accept [etc.]

VON LERSNER

[Subenclosure]

LIST I

Foodstuffs required by Germany during the next four months. (One quarter to be supplied each month.)

FOODSTUFFS

	<i>Tons</i>
Meat	120,000
Fats	60,000
Cereals (Including rice and dried vegetables.)	800,000
Milk	to the value of 6,000,000 marks in gold.
Potatoes.	quantity not yet fixed.

LIST II

Fodder and Fertilisers necessary for Germany during the next twelve months (to be delivered one-twelfth each month.)

FODDER AND FERTILISERS

	<i>Tons</i>
Oil Cake	900,000
Wheat Bran	600,000
Maize	1,200,000
Barley (Quantities of Barley which cannot be furnished may be replaced by corresponding amounts of maize.)	850,000
Animal and fish meal	600,000
Various fodders	600,000
Basic Slag	1,000,000
Raw phosphate (Basic slag may be replaced by raw phosphate in the proportion 2 to 1 and conversely.)	1,500,000

LIST III

Raw Materials Necessary for Germany for the Next Two Months

TEXTILES	<i>Tons</i>
Cotton:	42,000
Base fully middling 28 mm with range to $\frac{1}{3}$ inferior up to fully low Middling and $\frac{1}{3}$ superior up to fully good middling, twist 28/30. The whole should if possible be of good colour, and be ready for immediate delivery or shipment.	
East India Cotton	20,000
Make Cotton	20,000
If only inferior qualities can be delivered specifications and patterns would be desirable, so that the possibility of utilisation could be examined. In no case should "Linters" be delivered.	
Qualities of Cotton Thread.	<i>Bales</i>
From 20/30 and 36/42 down to 16	2,000
Fine thread from 80 upwards	1,000
Linen	6,000
All qualities of Belgian, Russian and Irish, for medium warp, principally good specimens from Slanetz. If linen cannot be delivered, it may be replaced by corresponding amounts of Neapolitan.	
Linen Thread	<i>Tons</i>
Only warp of 30/60	3,000
Hard fibres.	1,500
Manila or Sizal	
Soft Hemp	5,000
Raw hemp from Bologna, Naples, India and Russia, one quarter of same from Strapatura.	
Jute	15,000
Not more than a third directly from English stock, the rest directly shipped from Calcutta.	
Ramie	300
Raw Ramie of the best quality	
Coco fibre	600
Silk	350
Of all sources and kinds	
"Bouretts Schappe" (Shoddy)	350
" " (Silk waste (French chape))	
Schappgespinst (Spun Silk waste)	350
All usable types.	
Wools.	15,000
Washed	
Carded and Comber Wools	2,000
All usable types.	
Material for Art weaving.	7,000
Of these 20% should be materials for Art weaving in cotton: 80% of wool. Of the latter, 40% for stockings, 49% Thibet, 20% for underclothing.	

LIST IV

Raw Materials Necessary Monthly for Germany

	LEATHERS	
		Tons
Large Hides.		7,900
	Of these, according to method of employment two-fifths in heavy hides, of a weight of 25 kilograms and upwards (weight of fresh skin) one-third of under and up 25 kilos (weight of fresh skin)	
Kip		637,000
	Of this according to method of employment two-thirds in hides of 5 kilograms and upwards (flaying weight) and one-third of up to 5 kilograms (flaying weight)	
*Fresserfelle (scraped hides) ?		200
Horse Hides		8,500
	According to method of employment three-quarters of the size 220 cm. and upwards, one quarter up to 220 cm.	hides
Sheep and Lambskins.		
	Having regard to the great lack of wool, it is requested that only very fleecy sheepskins be delivered.	
Goatskins		500,000
Kid-Skins		615,000
	Two-thirds in lambskins of 0.4 kilograms and upwards, and one-third of kid skins.	
Vegetable tanning matter		100,000
or		
Pure tanning matter		25,000

LIST V

Raw materials required by Germany in the next six months

	METALS	
		Tons
Lead (one-third would be accepted in ore)		48,000
Nickel		900
Tin		6,000
Sheet tin		15,000
Copper (electrolyte)		24,000
Copper (in ore)		24,000
Zinc (in ore)		18,000
Antimony		1,800
Aluminium		9,000
Mercury		300
Bismuth		7,200
Silver		18
Platinum		150 kgs.

*Possibly this is a mistake in the German. [Footnote in the original.]

LIST VI

Raw materials required by Germany

VARIOUS	<i>Tons</i>
Raw Rubber	2,500
Bones	4,200 trucks
Raw glue	3,400 trucks
Resin	16,000 tons
Turpentine	3,000 "
Copal	750 "
Shellac	300 "
Amianthe	3,500 "

Appendix 285

The Austrian Chargé d'Affaires to the Chairman, Supreme Economic Council

Translation

St. GERMAIN-EN-LAYE, 14 September, 1919.

SIR: Never has the situation of Austria as regards the supply of wheat and flour been so critical as at the present moment. In view of the great difficulties under which the collection of the home crop is labouring, the utilisation in favour of non-producing districts of the exportable surplus of the neighbouring agricultural countries cannot be effected until later on. The Austrian Government has attempted to supplement the insufficiency of its own resources by acquiring wheat in Italy and in the Argentine. But the goods from these countries will not in any case be available in Austria before the end of September, at the earliest.

Moreover, the wheat which will be delivered to Austria by the Serbo-Croato-Slovene state in virtue of the convention recently concluded, will not, in consequence of the bad state of the means of transport, be imported for some time.

In face of this situation, which is getting worse from day to day and which at this moment is compromising in some districts the continuation of the regular supply of bread, my Government is reduced to the necessity of begging the Supreme Economic Council to come to its aid and to remove the imminent danger of a real famine, by furnishing to it at Trieste, as soon as possible the quantities of wheat, or flour necessary for a month's requirements of the districts which are deficient. These quantities amount to 50,000 tons flour, or 56,000 tons Wheat.

The choice of Trieste as the place of delivery is imposed by the relative rapidity of the communications linking Austria with this port, which alone can guarantee the efficacy of the proposed measures.

Confident in the humane sentiments of which the Supreme Economic Council has given many proofs, in connection with our present sad condition, my Government directs me, Sir, to address you an urgent appeal to be good enough to accede to the request formulated above, and this to prevent the dangers with which, in the event of its abandonment by the Council, the tranquility and public order of the Austrian Republic would be threatened.

I am [etc.]

MAYRHAUSER

Appendix 286

Memorandum Submitted by the Consultative Food Committee to the Supreme Economic Council [Regarding] German Austria Food Requirements During 1919-1920

15 SEPTEMBER, 1919.

Under Article 181 of the Peace Treaty a first charge upon the total sum due in reparation from German Austria is payment for "such supplies of food and raw materials as may be judged by the Governments of the Principal Allied and Associated Powers essential to enable Austria to meet her obligations for reparation".

The Council of Five also agreed on 17th July that the provision of food and raw materials as fundamental to Austria's recuperation and ability to make reparation will be one of the first considerations of the Reparations Committee.⁹

No specific demands for importation during the cereal year 1919-1920 have yet been made to the Reparations Commission by the Austrian Government and owing to the divergent estimates of the period over which home produced supplies will meet the needs of the population, and the immediate necessity of arranging importation of commodities in short supply, a detailed statement of requirements and the amount of available finance should be furnished by the Austrian Delegates at an early date.

A provisional list of the importation requirements of foodstuffs from overseas during the cereal year beginning 1st September 1919 which the Consultative Food Committee regard as reasonable is attached. The estimated total carrying capacity is slightly over 500,000 tons and the landed cost of these commodities amounts approximately to £30,000,000. In accordance with the decision of the Council of Five on 17th July the Consultative Food Committee ask for an indication from the Reparations Commission of where and what credits will be

⁹ See HD-9, minute 2, vol. vii, p. 173.

provided, either through the Allied and Associated Governments or otherwise to provide the food which Austria will need during the next few months.

Having agreed with the Austrian Representatives a basis of importation the Consultative Food Committee will desire to be informed what tonnage will be at the disposal of German-Austria and whether the Shipping Section of the Supreme Economic Council intend to grant special shipping facilities in the way of direction of tonnage at reduced rates, or whether it is considered expedient that Austria should charter tonnage in the open markets at commercial rates of freight with the credits provided through the Allied and Associated Governments or otherwise.

In the opinion of the Consultative Food Committee the purchases of foodstuffs and fodder to be made for German-Austria should be coordinated with those of the United Kingdom, France, Italy, Germany and any other nation associated with this consultative purchasing organisation and all purchases should, as in the case of Germany, be subject to the sanction of the Consultative Food Committee.

As Austria will presumably rely on the producing countries for the provision of credits for the purchase of foodstuffs, it is important in the interests both of producing and consuming countries that the fullest cooperation should exist between the Consultative Food Committee and the Governments of the great producing countries.

The Consultative Food Committee recommend that as soon as the decision is reached as to the amount of finance available for German-Austria for food, the Committee should be authorised to discuss purchases to be made under the programme in detail with the Austrian experts. For this purpose the most convenient course would be for the Austrians to send their experts to London.

[Enclosure]

Schedule of Estimated Imports of Foodstuffs Required by German-Austria From Overseas 1919-1920

	<i>Metric tons</i>
Bread grains (Assuming home crop provides for consumption 480,000 metric tons)	350,000
Rice	50,000
Meat	45,000
Fats	65,000
Condensed Milk	12,000
	<hr/>
	522,000

Appendix 287

SUPREME ECONOMIC COUNCIL
LONDON, 9 September, 1919.

CAPTAIN ELLIOT,

Food Section, Supreme Economic Council.

DEAR CAPTAIN ELLIOT: I am directed by M. Clémentel to call your attention to the enclosed letter received from the Austrian Delegation at St. Germain with reference to S. S: *Contessina Adelina* v and to the replacement of wheat supplied by the Belgian Government to the Austrian Government.

As I am leaving to-day for Paris, I would be very much obliged if you could arrange to let me have an answer to this letter in the course of the day.

Believe me [etc.]

SONOLET

[Enclosure]

DELEGATION OF THE REPUBLIC OF GERMAN AUSTRIA,
8 September, 1919.

SIR: According to telegraphic information received from London and from Rotterdam by the Government in Vienna, the Steamer *Contessa Adelina* of the Allied Maritime Transport Executive, carrying a cargo of wheat from the Argentine to Rotterdam for German Austria would appear to have been diverted to Trieste by order of the Supreme Economic Council. Now the cargo of this said vessel formed part of the 20,000 tons of wheat bought in the Argentine by the German Austrian Government, which was to be transported by the ships belonging to the said Company, viz: *Maria Immacolata*, *Contessa Adelina*, *Carl Leonhart* and *Rovuna* were due to arrive at Rotterdam towards the end of the present month.

In order to provide for the urgent needs of the Austrian people from the present time until the end of the period mentioned, the Belgian Government has consented to place 5000 tons of wheat at our disposal, subject to a guaranteed replacement of the amount supplied from the transports arriving at Rotterdam from the Argentine during this present month.

In consequence of the above mentioned order of the Supreme Economic Council the first transport on which this arrangement was made will not arrive, the agreements concluded on this subject with Belgium will prove illusory and our supply of bread will once more be endangered.

The undersigned Delegation begs therefore to request the Supreme Economic Council most urgently to be kind enough to issue the necessary orders whereby the instructions which caused the Steamer *Con-*

tessa Adelina to proceed to Trieste may be withdrawn and to give assurance that she will proceed without fail to the harbour of Rotterdam.

Any other measure would endanger the supply of our people, to whom the Allied Powers and especially the Supreme Economic Council itself have been good enough to lend their support in a very generous and humanitarian way.

The undersigned delegation therefore awaits a prompt and sympathetic reply.

I am [etc.]

EICHOFF

Appendix 288

Report of the Raw Materials Committee

The Supreme Economic Council instructed the Raw Materials Section some months ago to consider the development of the world situation so far as certain products are concerned, for which a deficit in the world production was to be feared, or a shortage of supply in certain of the Allied and Associated countries.

Since that time the lamentable diminution in the production of coal has led to the creation of a special Committee to study the means for securing the supply of Europe with coal.

The Raw Materials Committee has, therefore, abstained from considering the consequences which the shortage of fuel may have on the distribution or the consumption of raw materials.

I. DEFICIT OF PRODUCTION

It is clear that in the majority of the countries in the world the production of raw materials has suffered from the instability of political and social conditions which has affected certain countries and, at the same time, from the general diminution in the output of labour.

Nevertheless, as the volume of production has been diminished during a long period by the utilisation for military purposes of a large part of the means of transport, and as, on the other side, the consumption of industrial products in the world has diminished considerably, the equilibrium between available supplies and requirements is not upset, despite the decrease in production.

COTTON

The case of American cotton is one example. In spite of the decrease of production, the available supplies of American cotton can be regarded as sufficient.

The visible stocks on the 1st August, 1919, can be split up as follows:—

Cotton being shipped to Europe	467,000 bales
In the ports of the United States	1,434,000 "
In the interior of the United States	780,000 "
 Total	 <u>2,681,000 bales</u>
 As compared with	 348,272 bales

at the same date in 1913.

The above table does not include stocks which may be in the possession of American consumers and which there is no reason to suppose are larger than in 1913.

In accordance with these figures there would appear to be therefore a stock of American cotton larger than in 1913 by more than 2,000,000 bales.

But it should be observed:—

(1) that the excess of stocks is less than the deficit of production. The estimates for the coming crop of the United States were, on the 21st August, about 11,230,000 bales as compared with an average crop of 14,518,000 bales during the three years preceding the war.*

(2) further, it is necessary to add to the visible stocks in America on the 1st August, 1913, all the stocks which existed in the consuming countries of Europe, either in warehouses or in factories. Now these stocks, which can be estimated at at least three months consumption, are non-existent in the majority of European countries in consequence of which there is a further deficit of about a million bales, as compared with the supplies of 1913.

It is true that the industrial consumption has diminished considerably. At the present moment the application of the Law for the eight-hours working day has led in the majority of countries of the world to a reduction which can be estimated at about 20%.

Further, in certain countries whose industries consume large quantities of American cotton, especially in Germany and in Poland, there is a complete cessation of production in many parts.

In conclusion it does not appear that there will be a shortage of American cotton in the world, at least if the resumption of the cotton industry continues to take place slowly.

Amongst the textiles an appreciable deficit can be expected in the case of Egyptian cotton and a very large deficit in the case of flax.

(a) *Egyptian Cotton.*

The average production of the three years preceding the war was about 7,530,000 Cantars or a million bales of 750 lbs.

*Figures of Professor Todd. [Footnote in the original.]

The estimates for the present harvest assuming that this harvest has not been affected by internal conditions in Egypt are about 6,000,000 cantars, or 800,000 bales, i. e. a diminution of 20%.

The existing visible stocks do not compensate for this difference. If account is taken both of the floating stocks on their way to Europe and of the visible stocks in Alexandria, the excess over the stocks existing at similar dates in 1913 does not appear to be greater than 100,000 bales; moreover, they consist to a considerable extent of inferior qualities.

Further, the excess observed in the case of visible stocks is without doubt largely compensated by the absence of stocks in the hands of consumers. It appears that the consumers' stocks in England only represent 50% of their amount in normal times and in other European countries they are practically non-existent. The prices cannot be considered at the moment as an indication, because they had been fixed for a long time by the Cotton Control Commission and it is only since the 31st July last that the market has become free once more. It may be observed, however, that since this date the prices have increased by 10% in spite of the fact that the demand of the consuming countries of Central Europe is still practically excluded.

It is for these reasons that certain delegations hold that in order to supply the requirements of the industries of the different consuming countries it would be desirable that England should forthwith fix in one form or another exportable quotas in proportion to the known requirements and in accordance with the principle of priority which the United Kingdom formulated for the Allies and Neutrals by the declarations of May 1918.

(b) Flax.

There exists in the case of flax a serious decrease in world production which it is impossible to estimate exactly at the present moment by means of figures.

Russia, which in normal times produced nearly 85% of the flax harvested in Europe, has undergone a great decrease in production, and Estonian flax, of which it was thought a part might be obtained, has become for the moment inaccessible as a result of the recapture of Paskow.

The production of Poland which is very greatly reduced will probably not yield an exportable surplus. In other European countries the production or available supplies are similarly reduced.

France has only sown 13,586 hectares as compared with 30,475 in 1913.

Holland will only export half its normal quantity.

Per contra in Ireland the crop is estimated at 15,700,000 tons as compared with 12,672,000 tons in 1913.

To sum up Western Europe can only count with certainty upon a supply which is less than its normal consumption by at least 25%. The movement of prices is an indication of this: in particular the price of English flax has increased to £320, as compared with £60 before the War.

The Sub-Committee is of opinion that in order to prevent certain countries being entirely deprived of this raw material it is desirable to consider an equitable distribution of the supplies by means of an agreement with all the producing countries. It holds in particular that it would be desirable to enter upon negotiations with the countries of Central Europe, which already before the war produced more than Great Britain, France and Belgium taken together, which have increased considerably their production during the course of the war and which, although their production in 1919 is less than in 1918, would doubtless be disposed to exchange a part of this production against a more liberal supply of raw materials from overseas.

(c) *Oilseeds.*

The estimation of the relation between the supplies and the demand for oleaginous materials presents greater difficulties than with regard to textiles. On the one side in certain countries which previously depended upon Germany for part of their supply, the margarine industry has made considerable progress, while in certain countries in the case of vegetable oils suitable for human consumption, there has taken place a considerable increase in demand, the extent and duration of which it is impossible to estimate at all accurately.

On the other hand, as it is possible to substitute to a very great extent one variety of oil for another for the great majority of uses for which oil is required, the possibility exists to make up the shortage of those sources which a failure in planting or in the harvest renders short of supply, by having recourse to other sources, in which the available quantities appear to be limited only by the labour necessary to collect them.

But as it cannot be expected that Russia will make an [*any?*] important contributions to the world resources and as the available freight for the transport of products from distant countries is the limiting factor, however great the actual oilseed resources are, it is probable that the quantities to which access can be had will not exceed even if they are not actually insufficient to satisfy the requirements of the importing countries including that which is necessary to reconstitute in certain countries the working stocks.

The difficulty of finding means of payment and of transport and the slowness of resumption of industrial activity would seem to restrict

demand and to decrease to a certain extent the difficulty which there would appear to be of securing normal supply for all countries.

(d) *Phosphates.*

It appears that in North Africa the production of phosphates has diminished and that the exportation is reduced in addition on account of the lack of transport.

Various Delegations have put forward the desire that, under a form of licences or quotas, there should be secured a distribution of the exportable surplus of phosphates from North Africa, account being taken both of pre-war demands and of known requirements.

II. RESERVE PRODUCTS

WOOL

It is difficult to appreciate the situation with regard to wool. It does not appear that the clip of 1919 is deficient in the large overseas producing countries—Australia, South Africa and South America—but the domestic production of the countries which have been devastated by the war has diminished considerably, thus the average sheep flocks have fallen from 17,000,000 to about 8,000,000.

It does not appear to be possible to estimate with certainty the stocks in producing countries; in South America they appear to amount to 80,000 tons, but an appreciable proportion has been bought by the enemy countries and would appear to be immobilised from this fact.

The English and Australian stocks have not been published recently, but it is known that they are relatively important.

The resumption of industrial activity in the principal consuming countries has proceeded with such slowness that if the position as a whole is considered, neglecting the qualities demanded, the supplies appear sufficient for the consumption, at any rate until the end of next year.

It is only after the industry has been working for some time to its full capacity that the excess of the world demand over the world supplies will be exhibited. It seems at the moment probable that at the end of the current year the world's stocks will amount to some 750,000 tons, over and above the clips in the Southern Hemisphere which may come in during the last months of the year. The annual consumption estimated for 1920 is about 1,400,000 tons, or about the same as in 1913. The fact that owing to the particular conditions in certain countries demand has increased, especially for the finer wools, enables it to be stated with certainty that the supplies of merinos and fine crossbreds will be inferior to requirements, while

low quality crossbreds will be in abundant supply and in excess of demand.

That prices have shown an appreciable increase, although the demand from Central Europe is still weak, is attributed by certain people to the fact that the conditions of the market are artificial.

Certain Delegations point out in effect that the Australian clip purchased by the United Kingdom has only been put on the market at irregular intervals and in parcels of fixed quantities. Those countries which are large consumers complain that they have not been able, owing to this circumstance, to supply their requirements. For example in 1919, in the course of the first six months, France only imported 42,000 tons of greasy wool as compared with a six-monthly consumption which, after the reconstruction of the destroyed machinery and taking into account the machinery of Alsace, comprises 150,000 tons. It is pointed out that already at the end of the month of August the abandonment of the system of allocation in the British auction sales has abolished one of the limitations restricting the supply of wool, and the complete liberty which it is hoped will shortly be given to the Wool Market will contribute in part to diminish the difficulties with which certain countries are confronted at the present moment.

III. OBSTACLES IN THE WAY OF SUPPLY

(1) *Artificial prices.*

The Belgian, French and Italian Delegations have drawn the attention of the Committee to the menace, in connection with the supply of certain raw materials, which may be constituted by a regime of artificial prices resulting either from a dual tariff for internal prices and export prices, or from the imposition of export duties which in effect have the same result.

Certain producing countries have been led to impose duties upon the exportation of products of which there is, moreover, no shortage in their own country. This is in particular in the case of Spain which has just set up a very high export tax on hides and leathers.

These taxes on exportation which hit raw materials are an even greater danger for the supply and the resumption of industry than prohibitions of export. On the basis of certain propositions which have been made to the Economic Commission of the Peace Conference and which have been referred by it to the Supreme Economic Council or to the League of Nations, the above-mentioned Delegations on the Statistical Committee consider that they must call the attention of the Raw Materials Section to the dangers which any regime formed to institute or to maintain artificial prices would appear to present from the point of view of world supply. The British Delegation makes a reservation with regard to this recommendation. See Note Annex 1.

(2) *Tonnage.*

The problem of supplies for certain countries appears in the case of certain products which are essential for their re-construction to depend solely upon the question of tonnage.

The problem of the supply of wool, which is of vital importance for all the countries which have been devastated by the enemy, would appear only to be capable of being solved by the institution of a traffic which would permit them to utilise the reserves of wool which exist either in the Baltic countries or in certain Colonial countries.

(3) *Means of Payment.*

Finally, the Statistical Committee has been unanimous in recognising the inferiority in which certain Allied and Associated countries find themselves in regard to their supply of materials results above all from the financial situation. The unequal distribution of the resources of the world, even in respect of those products which are not deficient, appears to be in a great measure the effect of the unfavourable situation of the exchanges or the insufficiency of means of Payments.

IV. EXCHANGE OF INFORMATION

The Statistical Sub-Committee has been unanimous in recognising the opportunity for setting up a continued exchange of information amongst the different delegations of which it is composed, both with regard to production and stocks and to relative estimates of consumption. The case of leather is especially apposite from this point of view.

It is impossible at the moment to estimate even approximately the resources of leather and hides of various sorts in a great number of countries in the world.

The Majority of European countries which have taken part in the war have suffered considerable diminution in their herds, and, in certain countries in which the herds have not decreased in numbers, young beasts, which it would be unprofitable to slaughter, take the place of the older animals slaughtered during the war. In almost all the countries there is a notable diminution in slaughter and the slaughter depends further on the possibilities which they possess for the importation of frozen meat.

With regard to the producing countries which export frozen meat there are some whose production has increased appreciably during the course of the War. There is an increase by about 15% in America where the herds amount to 67 millions and an increase by about 40% in Canada, but the exportation from these countries depends to a considerable extent upon European orders which in turn depend upon the volume of the refrigerated tonnage.

The production of skins and leather in the great producing countries of North America, South America and Australia is thus difficult to estimate at the present moment and will vary not only in accordance with the demands for purposes of consumption but also in accordance with the volume of tonnage and the quantity of finance available.

One of the forms of mutual aid which the Allied and Associated countries can render to one another at this moment is to secure as exact information as possible upon the increase or decrease of the available supplies of each sort of raw material brought about by variations not only in production but by the intensification or slackening of foreign trade.

The Statistical Sub-Committee considers it useful not only to undertake a constant interchange of information but to consider the eventual publication of the documents thus collected.

NOTE. Annex 1. The British Delegation does not associate itself with the recommendation as to export duties, on the ground that its discussion involves important questions of policy, which have already been discussed between representatives of the nations concerned in this report, and in regard to which the attitude of the United Kingdom is unchanged.

Appendix 289

Summary of Note by British Delegation on German Import Policy

Allied Governments and Allied Traders are anxious on the subject of German Economic Policy.

On the one hand it is desirable that from a financial point of view Germany should only authorise the import of really necessary goods. On the other hand, Allied Traders are interested in selling to Germany as much as possible.

According to a note dated 19th August from a representative of the German Foreign Office, importations are authorised or prohibited by an Imperial Commission. Very lengthy lists of prohibited imports are ready for issue but are not yet published. In all probability this results from the fact that the Germans have not yet made up their minds as to their future economic policy, but it is none the less desirable to have prompt and precise information on the question.

Communications have already been addressed to the Germans on this subject, both through the Armistice Commission and through the Inter-allied Rhineland Commission, but so far without result. It is suggested that the Supreme Economic Council should agree upon the terms of a note to be presented to the Germans at Versailles, which should insist on prompt action by the German Government.

It is understood that the Allied Policy has always been that German import regulations must apply equally to occupied territory and to the rest of Germany.

It should further be pointed out that the Germans are at present imposing considerable restrictions upon imports from occupied territory to unoccupied Germany, with the result that there is in the occupied territory a great congestion of goods imported from allied countries. The Council should consider whether the Germans should not be jointly summoned to remove these restrictions.

Appendix 290

Note by the French Delegation for the Permanent Committee [Regarding the] General Economic Situation of Europe

I. The labours of the Consultative Food Committee have established the fact that it is not because of any insufficiency in foodstuffs that the world is threatened with famine. As regards Raw Materials (the report of the Raw Materials sub-committee was not to hand at the time of drafting this Memorandum) it does not seem as if the deficits which may cause grave difficulties to certain industries are such as to threaten the general stability of the world. Neither does it appear that sea-going tonnage, although there are grave obstacles to its utilisation caused by the bad working of the land transport, is at the moment insufficient to the needs of international relations. Amid the ruins and disorders resulting from five years of war, one general cause can be isolated. If this cause were to disappear many of the difficulties would remain to be overcome. But if [it?] persists, all efforts will be in vain.

II. All over the world, the vast operations of credit, necessitated by the war, have depreciated currency. But the disproportion between the respective depreciations of each national currency is considerable. Each country has depended to a different degree on the outside world for its war supplies. Some countries have been able to maintain a great part of those of their industries which are productive of exchangeable securities. Others have had to divert the greater part of their industries [to?] the production of war material. These latter are dependent on the former for their Raw Materials and for a great part of their manufactured products. This break in the former equilibrium of exchange has caused a break in monetary relations. The disparity in value between the various national monetary tokens is daily increasing in proportion to the unstable equilibrium of exchange. Their mutual relations vary from day to day. It is sufficient to follow the exchange quotations of countries which have the same monetary

system (e. g. French francs, Belgian and Swiss francs, pesetas, lire, lei, etc.) to realise that their enormous variations make international exchange impossible.

III. Money having virtually ceased to be exchangeable between them, or rather money having ceased to perform its function as a medium of exchange, each country which has available products or services possessing an international value tends to place them under its control, in order to use them for the regulation of its own imports. On the other hand, in order to limit at home as much as possible the rise in the cost of life, which is a consequence of the general monetary depreciation, each government is tending to use this control either to limit exports and create an artificial abundance or to fix double prices, the lower price for its nationals, the higher price for foreign countries, the latter calculated so as to compensate the loss made by the effect of the former.

IV. The solution of European difficulties is, therefore, above all a financial solution. It is necessary that a current of credit should be able to develop in a continuous circuit throughout Europe. No European country can be the source of this current. Each of these countries is itself confronted with great difficulties, almost all are under the necessity of borrowing on their own account. Many of them, whose resources, though unequal, are great, can only utilise those resources for themselves. But if they were themselves propped, some of them would be able to place their experience and their organisation at the disposal of Europe.

To sum up, the supply of the greater part of Europe, above all of the new states of Eastern Europe, of Germany and of Austria, cannot, it seems, depend on the European Powers in their present state for these Powers are all at the moment debtors.

It is the business of the Supreme Economic Council to affirm that the well-being and security of the two hemispheres are closely related and inter-dependent, and the work of reconstruction is obligatory upon all, each to the measure of his power.

20 SEPTEMBER, 1919.

Appendix 291

[*Note by the Allied Maritime Transport Executive Regarding] Use of German Tankers*

The question of the use of German tank steamers was referred to the Allied Maritime Transport Executive by the Committee on Organisation of the Reparation Commission (see memorandum Appendix "A"), for an expression of their opinion.

The position is, briefly, that German tank steamers were not exempted from delivery under the Armistice Convention of January, 1919, but it was intimated to the Germans at the Brussels Conference that delivery would not for the time being be insisted upon. At that time no relief requirement for oil has been intimated by the Germans.

On the 30th July, 1919, the German representative on the Rotterdam Commission asked permission for eight of these tank steamers to proceed in ballast to United States' ports and return with oil to Germany. They were informed as follows:—

"If Germany wants oil their proper course is to deliver these tank steamers to the Allied and Associated Governments; application should thereafter be made through the usual channels for the desired quantity of oil to be imported into Germany."

Following upon that, the provisional exemption of the following fourteen German tank steamers has been canceled and delivery to the Allied and Associated Powers has been demanded by the President of the Allied Naval Armistice Commission:—

	G. T.
<i>Burgermeister Petersen</i>	2788
<i>Emil Georg V. Stauss</i>	4567
<i>Fritz V. Stauss</i>	4560
<i>Helios</i>	3477
<i>Hera</i>	4705
<i>Loki</i>	5457
<i>Mannheim</i>	3578
<i>Niobe</i>	6776
<i>Pawnee</i>	4972
<i>Pechelbronn</i>	5080
<i>Sirius</i>	3809
<i>Wm. A. Reidmann</i>	9800
<i>Willkommen</i>	3140
<i>Wotan</i>	5703
<hr/>	
	68,412

Of these it is understood that eleven vessels have now been made ready by the Germans for despatch to the Firth of Forth for delivery to the management of the Associated Governments—crews being already on board, and the Allied Sub-Commission at Hamburg reports that the owners are claiming that hire should start from the 14th instant (in the case of those actually ready to be despatched) and that if the vessels are not immediately despatched great delay would be occasioned.

The question of the Allocation of these vessels was considered at the meeting of the Allied Maritime Transport Executive on the 17th instant, when the United States' delegate intimated his desire to put in at once a note giving the position of the United States' Government in the matter. This note is attached (see Appendix "B").

The United States' note which was to the effect that neither the president of the Allied Naval Armistice Commission nor the Allied Maritime Transport Executive had the power to revoke the Armistice conditions or to cancel any of the provisional exemptions made in the Brussels agreement was discussed at the meeting and the following resolutions were proposed:—

- (1) That the provisional exemption of the German tank steamers made at Brussels should be revoked. This revocation to be without prejudice to any previous action taken by P. A. N. A. C.
- (2) That the vessels should be delivered to the Allied and Associated Governments for management under the usual Armistice terms.
- (3) That, if desired by the German Government, the vessels should be employed, at any rate for one voyage, for the conveyance of oil to Germany.

The U. S. Delegate, while not opposing the resolution desired to reserve the decision of his Government in regard to the whole matter, but he intimated, after some further discussion, that, should the Supreme Economic Council approve the revocation, no objection would be raised to the resolution.

It was pointed out by the French Delegation, and agreed to by the Executive, that the result of the American protest would be the detention of the steamers in Germany, since it would not be possible for the other Allies to agree to safe conducts being granted by P. A. N. A. C. for the steamers to sail under the German flag, and it was further reported that the Naval Sub-Commission at Hamburg had stated that 11 of these vessels were ready for sea and that if they were not despatched immediately great delay would probably be caused.

With regard to the Allocation for management, the Chairman considered that, in view of the very small time for which these steamers were likely to be under Allied management, and the peculiar condition of the restricted tank steamer market, it was not necessary to insist on a too rigid distribution of the tonnage on the principles likely to be followed under the Peace Treaty. So far as Great Britain and the U. S. A. were concerned, neither of those countries could be said to be at the moment in a serious need of tank tonnage, and, though both countries would naturally reserve their rights as to a ton for ton allocation under the Peace Treaty, the Chairman suggested that, with regard to this temporary allocation for management, it would not be unfair that the other European Allies (France, Italy, and Belgium) should have the preference up to the limit of their losses during the war and in view of the small amount of tanker tonnage under their control.

(For Table of Losses see Appendix C).

Following out this principle the Chairman proposed that:—

23,000 tons gross should be allocated to France,						
10,000 " " " " " " Italy and						
12,000 " " " " " " Belgium,						

the Secretariat to arrange the best possible division of the steamers in concert with the Allies, keeping to the figure named above as near as possible.

With regard to Italy, the question of the *Vesta* was raised, and it was pointed out that the previous decision of the A. M. T. E. was that she should be allocated to Italy, and that France should obtain the first of the German tank steamers to be delivered. The present situation constituted a *nouveau fait* and the Chairman appealed to France to deliver up the *Vesta* to Italy, stating that, in the event of her delivery, the Italian allocation would be diminished by her gross tonnage.

The alternative would be for the French allocation to be similarly reduced.

With regard to the tank tonnage in excess of the total of these allocations, of which 16,000 tons is now in sight and further steamers may come forward, the Chairman proposed that Great Britain and the U. S. A. should have preference in their management, and he proposed that they should be divided between those two countries in exact proportion to their losses—viz. four to Great Britain and one to the U. S. A.

These proposals were generally approved by the Executive, Senator Berenger promising to take up the question of the *Vesta* with his Government at the earliest possible moment.

The American delegate intimated that he had not received specific instructions on the question and was, therefore, not in a position to give his concurrence.

The Chairman pointed out, however, that, in the original discussions as to the allocation between the Allies, the U. S. A. did not claim any cargo tonnage beyond that in South America.

The French Delegation pointed out that before the war there were forty-seven tank steamers flying the German flag. Of these twenty-four had been taken over by America early in the war, three had gone under the British flag, and fourteen are now spoken of. There appeared, therefore, to be a discrepancy. The Secretariat were instructed to clear the matter up at once, the French representative promising to give a list of these ships.

APPENDIX A

29 AUGUST, 1919.

DEAR KEMBALL COOK: At the meeting of the Committee on Organisation of the Reparation Commission, held this morning, the American

delegate raised the question of permission being given to the Germans to use certain tank steamers which were not requisitioned under the Armistice. This matter is being referred officially by the Committee to the Executive for an expression of their opinion. The American delegate pointed out that Germany was being pressed to increase her production of coal, and that for this purpose she stated that she required supplies, e. g. of Kerosene. He stated further that the Standard Oil Company are prepared to grant private credits to Germany, and that it was essential that she should have every facility for the transport of the oil.

Yours Sincerely,

C. B. S. MONFRIES

P. S. I attach for your information copies of a memo. by the Americans and a note of Peel's.

C. B. S. M.

[Enclosure 1]

MAJOR MONFRIES: This is the American memo. on the tank ships to be sent on to London for our A. M. T. E. representative.

It seems to me that these ships ought to be taken over at once, and put to work.

That they should be allowed to sail under the German flag is another matter, to which I hope we shall not consent.

I think that it certainly would be very desirable from the point of view of reparation that the Germans should get these petroleum products on credit.

It is important that arrangements should be made as quickly as possible. I suppose that A. M. T. E. will advise on what conditions the ships shall be put into use.

S. PEEL
28.8.19

[Enclosure 2]

AUGUST 28, 1919.

M. LOUCHEUR, PRESIDENT

*Committee on Organisation of the Reparation Commission,
136, Champs-Elysees, Paris.*

MY DEAR M. LOUCHEUR: As suggested by you, I take pleasure in giving herewith a résumé of my observations this morning relative to the German tank steamers. I should be happy if you would communicate these observations to your representative in London with such comment as seems to you proper.

Under the terms of the Brussels Agreement there was left to Germany for her use tank steamers. Of these tank steamers a certain number (11, I believe) are owned by a German corporation, the

entire interest in which belongs to the Standard Oil Company of the United States.

In view of the fact that the blockade of Germany has been lifted and that these vessels have been left for German use, the Standard Oil Company now wished to arrange through its subsidiary, to have these vessels put into service presumably between Germany and the United States.

From a reparation standpoint such a procedure seems to me desirable. It has been recognised by our Committee, and, in fact, established by the Treaty that Germany must obtain certain essential materials in order to put herself in a position to perform her reparation obligations. The importance of this is recognised as being such that the Reparation Commission is authorised to permit such materials to be paid for out of Germany's initial reparation payment.

Among the products which Germany most requires are petroleum products, and it is particularly to be noted that in the list which the Germans submitted at our request, giving imports necessary to stimulate coal production, kerosene lubricating oil, etc., were particularly mentioned.

I understand that the Standard Oil Company is prepared to supply such products through these tankers, on credit and without the German Government asking to have the value of such imports deducted from the original 20,000,000,000 mark payment. Accordingly, it seems to me very advantageous that authorisation should be given for the employment of these vessels for the importation into Germany on credit of such petroleum products as are admittedly essential for the rehabilitation of Germany's commercial and economic life. The procedure which I suggest seems to me to offer the occasion of accomplishing this in the way which will be the least onerous for the Allied and Associated Governments. Furthermore, it seems to be entirely in accordance with the spirit of our preceding arrangements with the Germans that these vessels should be used as indicated. If at the time of the negotiations of the Brussels Agreement, and, subsequently, after the Scapa Flow incident (when the matter was reconsidered), it was decided not to deprive the Germans of the use of these vessels, and if the blockade has been lifted the only logical course appears to be to allow the vessel[s] to be used by Germany. Certainly to compel the vessels to lie idle is an economic waste which could not be justified.

Of course, all that I say is subject to the stipulations of the Treaty relative to vessels flying the German flag, it being noted, however, that in any case those provisions do not become applicable until two months after the coming into force of the Treaty.

I am [etc.]

JOHN FOSTER DULLES

APPENDIX B

17 SEPTEMBER, 1919.

The American Delegate protests against any action, further discussion, or consideration at all of the matter in respect to the disposition of the 14 German tankers by the Allied Maritime Transport Executive; for

1. The Allied Maritime Transport Executive has no jurisdiction in the premises to allocate for management among the Allied Governments any of the German tankers in question on the ground that the provisional exemption granted at the Brussels Conference in March, 1919, has not in fact been revoked. The purported revocation of this exemption was irregular, and was made without proper authority.

(a) Assuming that these vessels in question are German owned, there was no valid or authoritative revocation of the provisional exemption, for it was made by an individual, to wit, the President of the Allied Naval Armistice Commission, without the sanction or co-operation of the United States and French Delegates on this Commission. It is the province of the Allied Naval Armistice Commission to carry out the Naval Armistice terms. That Commission did not make the terms of the Armistice, and therefore has no power to change those terms. The Brussels Agreement is an incorporated part of the Armistice terms, and as part of the Armistice terms there was made a provisional exemption of the German tank vessels.

Therefore, the Allied Naval Armistice Commission has no more power to change the terms of the Brussels Agreement than to change the terms of the Armistice by revoking said exemption.

2. The A. M. T. E. has no jurisdiction to grant permission or refuse permission for these German tankers to leave German waters since the provisional exemption has not been revoked. They are, therefore, still under German jurisdiction.

3. The A. M. T. E. itself has not the power in the absence of any proper authority expressly delegated by the Allied and Associated Governments to assume the authority to order any body or commission to revoke the provisional exemption above referred to, which was only granted by the authority of the Allied and Associated Governments. The authority to revoke this provisional exemption can only be derived from the body or commission granting the exemption, or upon the power expressly delegated by the Allied and Associated Governments.

4. When a question of jurisdiction of the A. M. T. E. is raised, the A. M. T. E., as a subordinate body deriving its powers from a superior source, cannot finally decide its own jurisdiction, but must refer the matter for decision to its convening authority, to wit, the

Supreme Economic Council, of which body the Allied Maritime Transport Executive is in fact one of the sections.

E. O. TOBEY,
American Delegate, A. M. T. E.

APPENDIX C

War Losses in Tank Tonnage

Nation	No. I	II	III
	No. of Vessels	Gross Tonnage	Respective proportions (percentages) of aggregate losses reckoned in tonnage sustained by each nation
Great Britain-----	54	274, 006	73, 428
France-----	2	19, 317	2, 498
Belgium-----	4	12, 191	3, 267
Italy-----	2	6, 109	1, 637
United States of America-----	15	71, 535	19, 170
Total-----	77	378, 158	100, 000

¹ In regard to the losses of France it should be pointed out that several tankers owned by French refiners but sailing under the British Flag have also been lost by War risk, and if these are included in France's figure—her loss would amount to approximately 23,000 gross tons.

Appendix 292

Letter From the Serbian Delegation to the Supreme Economic Council

Translation

The Delegation of the Kingdom of the Serbians, Croats and Slovenes has just learned that the Inter-allied Supreme Economic Council will sit in Brussels to examine among other important questions that of the allocation and employment of enemy tonnage, that is to say all merchant shipping which formerly belonged to Germany and Austria Hungary.

The Delegation of the Kingdom of the Serbians, Croats and Slovenes profits by this occasion to recall to the Supreme Council the repeated notes which it has had the honour to address to it with a view to obtaining the liberty of ships of the former Austro-Hungarian Merchant Marine belonging to Jugo-Slav shipowners.

These notes have up to the present remained unanswered, in spite of the extreme urgency of this question which is so vital for our country.

Our demand is based on the expressed and formal stipulation contained in the Armistice with Austria,¹¹ placed there at the proposal of M. Vesnitch, who was at that time the representative of the Kingdom of Serbia.

There was added to Article 5 of the Naval clauses another clause according to which a special Commission should decide what units of the Austro-Hungarian fleet should be excepted from the blockade.

As can be shown from the Minutes of the proceedings of the 31st October 1918, all the great Powers, and in particular France and Italy, were in agreement with M. Vesnitch that the Austro-Hungarian ships belonging to Jugo-Slav and Italian shipowners should be liberated. The words referred to above were nothing else than the expression of this goodwill and of the perfect agreement which existed on this subject.

The Italian Government was actuated by the same principle, since its delegate M. d'Amelio at the Sessions of the 28th and 31st March 1919 of the Second Sub-Commission on Reparation under the Chairmanship of Lord Cunliffe, agreed to the proposal of the Jugo-Slav delegates, made with the object of liberating the pool of ships belonging to shipowners from Jugo-Slavia and from Italia Irredenta. On their side England and the United States also confirmed the principle enshrined in the above mentioned Article 5 of the Armistice with Austria, for, apart from repeated verbal declarations made by the delegates of these two great powers concerning the decision taken at the Session of the 22nd May 1919,¹² on the initiative of Mr. Lloyd George, Mr. Lansing in his letter of the 9th July 1919 addressed to M. Patchich, expressly confirmed that the United States had accepted the clause according to which the whole Ex-Austrian Hungarian Merchant Fleet was transferred to the Reparation Commission, but with the reservation that a greater amount of tonnage should be kept in the Adriatic than would be the case if the principle of "Ton for ton" were to be applied.

In the same letter Mr. Lansing informed us that he had given by telegram, through the medium of the Embassy in London, special instructions to the American delegate of the Inter-allied Maritime Transport Executive, with the object that a reasonable proportion of the ships to be disposed of should be allocated to our State. This is precisely what we demand at the moment, excepting that the Reparation Commission or a special agreement should do justice to the claims of our shipowners.

The Jugo-Slav State which contains 12 million inhabitants cannot exist without having a fleet of which it can freely dispose, in order

¹¹ Vol. II, p. 175.

¹² See CF-24/1, minute 5, vol. v, p. 834.

to satisfy its most urgent economic requirements. Our people up to the present grievously lacks this indispensable necessity to its economic life. This state of things cannot be prolonged without serious consequences. It is for this reason that we addressed to the Inter-allied Supreme Economic Council the urgent demand to be good enough to give to the Inter-allied Maritime Transport Executive in London the necessary instructions to ensure that a reasonable proportion of the ships at their disposal should be allocated to the Kingdom of the Serbs, Croats and Slovenes.

PATCHICH

Supreme Economic Council: 31st Meeting [Held at Rome on 21st November, 1919, at 3 p. m., 22d November at 10 a. m. and 3 p. m., and 23d November at 11 a. m.]

The Supreme Economic Council held its 31st Meeting on the 21st November at 3 p. m., the 22nd November at 10 a. m. and 3 p. m., and the 23rd November at 11 a. m. at the Palazzo Corsini at Rome under the Chairmanship of Sig. Dante Ferraris.

The Associated Governments were represented as follows:—

BRITISH EMPIRE.	Mr. G. H. Roberts The Earl of Crawford & Balcarres. Mr. Cecil Harmsworth.
FRANCE.	M. Noulens. M. Vilgrain. M. Sergent.
ITALY.	Sig. Schanzer. Sig. Murialdi (part time). Sig. Maggiorino Ferraris (part time). Comm. Volpi. Sig. Pirelli. Sig. Salvatore Orlando.
BELGIUM.	M. Theunis. M. Bemelmans.

Permanent Committee

BRITISH EMPIRE:	Mr. E. F. Wise.
FRANCE.	M. Avenol.
ITALY.	Dr. Giannini.
BELGIUM.	Comte de Kerchove.

U. S. A. were not represented.

319.

M. Noulens opened the Session and excused the absence of M. Clémentel. He thanked the Italian Government for their invitation to the Allies to hold a meeting in Rome and proposed that Sig. Dante Ferraris should take the Chair.

On behalf of the British Delegation, Mr. Roberts and Lord Crawford associated themselves warmly with the proposal of M. Noulens and expressed the deep regret of the British Delegation at the temporary loss to the Council of M. Clémentel's wide experience and sympathetic insight.

M. Ferraris, on taking the Chair, associated himself with the remarks concerning the regrettable absence of M. Clémentel. In view of the fact that the economic situation in Europe was still difficult, he hoped that the Council might continue to meet until such time as it could hand over to the League of Nations the economic reconstruction of the World. On the proposition of the Chairman, it was agreed to despatch a telegram to Lord Robert Cecil, Mr. Hoover, M. Clémentel, M. Jaspar and M. Crespi, thanking them in the name of the Council for the work which they had jointly carried through in the common interest of Europe (Doc. No. 293).

The minutes of the 30th meeting were approved.

320. Resumption of Communications With Germany.

With reference to minute 300, the Council noted that the re-establishment of direct train services to Germany had been effected. Great difficulties were still experienced in the resumption of international through services over German metals, chiefly caused by the delay in the ratification of the Peace Treaty.

321. Motion Regarding Execution of the Treaty.

The Italian Delegation proposed that in view of the fact that other economic questions were similarly in abeyance, owing to the delay in ratification, the following resolution should be submitted to the Supreme Council.

"The Supreme Economic Council thinks it its duty to draw the attention of the Supreme Council to the ever increasing danger to the economic situation of all the Allied countries arising out of the delay in the exchange of ratifications of the Treaty of Peace."

This was agreed.

322. Traffic on the Danube.

With reference to minute 307, the Council took note of a decision of the Supreme Council¹ whereby Colonel Logan and M. Clémentel were to discuss the nomination of the American Arbitrator who, according to the Peace Treaty, was to decide the ownership of contested river shipping.

It was mentioned that as a result of this discussion a telegram had been sent by Colonel Logan to the U. S. Government, suggesting the appointment of General Conner to act as Arbitrator under clause 339 of the Treaty with Germany, but that no reply had yet been received.^{1a}

¹ See HD-64, minute 5, vol. VIII, p. 462.

^{1a} Colonel Logan telegraphed the Department on October 3 and again on October 19 regarding the appointment of an arbitrator. Secretary Lansing replied in telegram No. 3687, November 6, 5 p. m., that "Consideration of the person to be appointed arbitrator when we have ratified the treaty is under way." (Paris Peace Conf. 185.1521/69, 71a, 77.)

It was also stated that the present limiting factor of the traffic on the Danube was the lack of coal.

The Council agreed that every effort should be made during the winter months to prepare for a substantial improvement in the movement on the river in the Spring.

323. Supply of Raw Materials to Europe.

Referring to minute 312, the French Delegation asked if any further statements could be made on the matter.

The Belgian Delegation stated that in respect of the proposed negotiations with Germany and Austria regarding the 2nd resolution under minute 312, it had not been possible to make any progress. In view of the fact that even in questions of greater importance, such as coal, governed by specific Treaty stipulations it had been found difficult or impossible to make any progress, the Organisation Committee of the Reparation Commission had considered it expedient to take no further action for the moment to obtain flax from Germany and Austria. The dilatory tactics in this and other matters displayed by the German Government were to a large extent facilitated by the delay in the ratification of the Peace Treaty.

As regards resolution No. 4. submitted by the French and Italian Delegations as reported in minute 312, the British Delegation pointed out that the words: "Specific measures of discrimination" used in the resolution, seemed to imply that there was some misunderstanding as to the exact purport of the present British regime for the prices of British coal for export and for inland consumption.

Under this system, there could be no questions of discrimination against France or Italy. It was the agreed policy of the British Government to control the home price in order to secure that heat, light, power and transport should be available at reasonable prices and in sufficient quantities. That policy entailed at present a heavy burden on the British taxpayer. Over a period of sixteen months the cost to the Exchequer had been 26 million sterling and even if the recent improvement in output were maintained, it would take time appreciably to lighten the accrued deficit. In fact, the policy of the British amounted to a coal subsidy.

If the British Government were to change its domestic price policy, the result would be not that export prices would be reduced, but that domestic prices would be increased up to the level of the world price charged for exported coal.

In this connection, the British Delegation pointed out that the export of British coal to British coal stations abroad for bunkers was identical with the world price charged for British coal exported to other destinations. There was no question of "discrimination." If

the British Government had discriminated at all, it had done so in favour of France and Italy.

The British Delegation were accordingly not in a position to state that their Government was contemplating any change of policy. The sole remedy for the present disparity of prices must, in their opinion, be sought in increased output not merely in Great Britain, but also in France and in other European coalfields.

The French Delegation, while expressing their appreciation of the points raised by the British Delegation, stated that one of the dangers of the present British system lay in the possibility of its indiscriminate adoption by other countries.

At the request of the French Delegation, the British Delegation undertook that a copy of the remarks of the British Delegation on this subject should be handed to the French Government.

324. General Economic State of Europe.

Arising out of minute 315, the Council noted that the Supreme Council had deferred consideration of a memorandum submitted by the Council to the Supreme Council on the general economic state of Europe (Doc. No. 290).²

In connection with this question the Italian Delegation drew attention to the continued deterioration in the situation of exchange in the various countries of Europe. In their opinion the only practical and permanent solution of the difficulty lay in a general reduction of consumption and increase of production. But the existing situation was so serious as to demand some temporary solution of a more or less artificial character. For this solution they held that only two alternatives presented themselves.—

- (1) the re-establishment of Governmental control of exchange either internally or by agreement among the various countries of Europe.
- (2) the opening of credits among the various countries.

The French Government expressed doubts whether the first of the two temporary solutions proposed by the Italian Delegation was practical under Peace conditions in view of the considerable interference with personal liberty which it entailed; on the second point they thought that useful precedents could be found in pre-war practices.

After discussion the following resolution was adopted:—

"In view of the extreme urgency of solving the exchange problem and, pending a more complete solution through international co-operation, it is necessary for the moment to treat the question as one between the Allied countries. Each delegation shall draw up a report for its own Government on the financial situation as it has been

² *Ante*, p. 602.

presented in the present discussion, and shall, before December 20th, submit to the Permanent Committee of the Council practical proposals for a satisfactory solution of the problem, or at least for a substantial improvement in the situation."

325. Delivery to the Allies of German Tank Steamers.

Arising out of minute 316 the Council took note of a decision of the Supreme Council (Doc. No. 294) of the 17th November,³ according to which :—

- 1) The German tank steamers in question were to proceed to the Firth of Forth.
- 2) The 9 steamers claimed by certain American interests were to be retained unused at the Firth of Forth pending a fresh decision of the Supreme Council.
- 3) The other tank steamers were to be handed over for temporary management to the Allied and Associated Governments.

The Italian Delegation drew the attention of the Council to the urgent oil requirements of those countries which lacked coal, and to the fact that the United States representative on the Supreme Council had, at the request of his French colleagues, agreed to call the attention of his Government to the petrol requirements of France and Italy.

It was agreed to submit the following resolution to the Supreme Council :—^{3a}

"The Supreme Economic Council having noted the decision of the Supreme Council (HD 94/1) and particularly paragraph 5, expressed the conviction that, in view of the situation of coal and of general production in the whole world, it is necessary that German tank steamers should not remain unused, and asks that immediate measures may be taken to use these steamers for the transport of oils, which would contribute to some extent in relieving the needs of the countries which lack coal."

326. Report of the Permanent Committee.

The Council noted and approved a report (Doc. No. 295) submitted by the Permanent Committee on its work since September 20th, 1919.

327. Report of the Consultative Food Committee.

a) The Council noted and approved a report (Doc. No. 296) submitted by the Consultative Food Committee on its work since September 20th, 1919, and especially on the establishment and working of Sub-Committees for :—

- Wheat and Flour
- Meat
- Sugar
- Hog Products
- Butter and Cheese.

³ See HD-94, minute 2, vol. IX, p. 188.

^{3a} See HD-108, minute 1, *ibid.*, p. 505.

In reply to a question from the French Delegation the British Delegation stated that the conferences held with the German food experts at Cologne on September 23rd were attended only by British members of the Consultative Food Committee, and that the report forwarded to the Committee on Organisation of the Reparation Commission was a report by the British members.

b) The Council considered a memorandum (Doc. No. 297) by the Consultative Food Committee with reference to—

- (1) The competition of Germany in purchasing foodstuffs (see minute 328) :
- (2) supplies to Austria (see minute 329) :
- (3) supplies to and from Russia (see minute 335).

The action taken is recorded hereafter.

328. Competition of Germany in Purchasing Foodstuffs.

The Council approved Part 1 of the above mentioned report, the Belgian delegates expressing the view that the Reparation Commission should keep in touch with the Consultative Food Committee on all technical questions arising out of ex-enemy food programmes.

329. Supplies to Austria.

With reference to part 2 of the above mentioned report, the Italian Delegation stated that the Italian Government had, since the Armistice, given all possible assistance to the necessities of Austria, even to such an extent as to involve a reduction in Italian food rations. As regards the immediate necessities of Austria the Italian Government was ready, in agreement with the Allies, to send 30,000 tons of wheat to Austria, contingent on payment being made by means of the balance of the original 48 million dollar loan, and of the Swiss francs at the disposal of the Austrian Government. It was mentioned that the actual availability of the said amounts was being discussed between the Treasuries concerned.

Mr. Harmsworth, on behalf of the British Delegation, expressed his gratification at the information that the Italian Government were ready to take immediate measures to assist Austria. The food situation in Vienna was, at the moment, engaging the most anxious consideration of the British Government, and no doubt of all other Governments represented on the Council as well. There was no ambiguity about that situation. It was a desperate situation, and unless immediate and far-reaching measures of relief were adopted, it might develop into one of the greatest tragedies in the history of the world.

He felt it, however, his duty to quote the words of the British Chancellor of the Exchequer to a deputation which recently laid before him the case of Vienna. The Chancellor, while he expressed his warm sympathy with Vienna, nevertheless pointed out that H. M. Govern-

ment was not in a position to render by itself any appreciable assistance to the needs of Austria. He could not consent to increase for the British Government alone a burden of indebtedness which could be borne as a part of an inter-allied effort or a world effort.

On a further point, Mr. Harmsworth considered it probable that the general public of Europe, and of Austria in particular, regarded the Supreme Economic Council as a body charged with responsibility for meeting the food requirements of Austria. Speaking generally, Mr. Harmsworth considered that no time should be lost in making known to the world the exact situation in Austria and in pointing out that the Supreme Economic Council had no resources from which it could meet the necessities of Austria.

The Belgian Delegation expressed the view that the final responsibility for meeting the present situation in Austria rested at the present time neither with the Supreme Economic Council nor with the Reparation Commission, but with the Supreme Council which, having referred the whole question to the Allied Treasuries, would have to take a decision.

The French Delegation expressed their entire concurrence in the views expressed by Mr. Harmsworth, but they also were bound to recognise the impossibility of anything definite being accomplished by the Supreme Economic Council. They pointed out that the Supreme Council had on the 15th November reiterated its decision that the Reparation Commission should deal with the question.* The matter could not now move until the various Treasuries had decided what could be done.

The Belgian Delegation concurred in the views of the French Delegation.

The Italian Delegation concurred in the view that the Supreme Economic Council could neither take a decision in the matter nor accept responsibility. The financial situation of Italy was such that she could not do for Austria as much as she would like. She had in the past contributed to the relief of Austria up to and even beyond her resources. They considered that the matter was one for general adjustment in a wider sphere.

In reply to a question from the French Delegation the Italian delegates confirmed the fact that the provision of the 30,000 tons in question was entirely contingent on the acceptance of the financial terms.

After discussion, the following resolution was, at the proposal of the French Delegation, adopted for transmission to the Supreme Council :—^{4a}

“The Supreme Economic Council had noted the decision of the Supreme Council of the Allies of the 15th November, entrusting to

* See HD-93, minute 5, vol. IX, p. 180.

^{4a} See HD-108, minute 1, *ibid.*, p. 505.

the Organisation Committee of the Reparation Commission the task of studying the problem of the supply of food and raw materials to Austria.

The Supreme Economic Council, which formerly was able by means of a credit granted by Great Britain, France and Italy, with the assistance of the United States, to relieve to some extent the Austrian situation, possesses at the moment neither the powers nor the resources necessary to afford any effective assistance. It can therefore only most earnestly direct the attention of the Supreme Council to the extreme necessity of obtaining some solution calculated to remedy a tragic situation, the prolongation of which is fraught with danger to the security of all the civilised nations of the world.

The Supreme Economic Council has noted the declarations of the British, French, and Italian Treasuries, setting out the impossibility of increasing the financial commitments of the nations which have been exhausted by the war.

In any case, the Council considers that the necessary resources should be furnished not only by the Governments represented on the Supreme Economic Council but by the Governments of all other nations. It suggests that steps should at once be taken to consider the possibility of international action on these lines."

330. Continuation of Allied Purchasing Arrangements.

The Council noted a memorandum on this question (Doc. No. 298) by the Italian Delegation, proposing the maintenance of the present arrangements for interallied co-operation, especially as regards the Wheat and Flour Sub-Committee, with a view to preventing an increase in the prices of foodstuffs.

The Chairman of the Consultative Food Committee reminded the Council that the Committee had established five Sub-Committees, the termination of whose functions had been originally fixed as follows:—

Wheat and Flour Sub-Committee	31st Dec. 1919.
Meat Sub-Committee	31st March, 1920.
Sugar Sub-Committee	31st August, 1919.
Hog Products Sub-Committee	30th June, 1920.
Butter & Cheese Sub-Committee	31st March, 1920.

The Consultative Food Committee itself was nominally to terminate its labours on the 31st December, 1919.

The memorandum of the Italian Delegation had referred primarily to wheat. The British Delegation agreed that the Wheat Sub-Committee should be prolonged. Their Government had decided in principle to abolish the bread subsidy in the early part of the summer of 1920, a good many duties hitherto devolving upon the State would be thereby thrown upon private enterprise. They could not, therefore, undertake to commit their Government to an indefinite prolongation of the Wheat and Flour Sub-Committee. The British Delegation proposed accordingly that the Wheat and Flour Sub-Committee should be continued until the 30th April, 1920, thus affording an opportunity for the Governments concerned to observe the situation.

The Italian Delegation considered it desirable that the Wheat and Flour Sub-Committee should continue at least until the end of the cereal year 1919/1920, both for the reason that an earlier date constituted a national peril, and also because the present purchasing organisation, by stabilising prices, gave some possibility of reducing the risk involved in the abolition of the bread subsidy.

The French Delegation asked that the Wheat and Flour Sub-Committee should be continued until the end of the cereal year 1919/1920. The British Delegation were prepared to agree to this, subject to the reservation of two months' notice by Great Britain should such a course be rendered necessary.

After discussion, it was agreed:—

That the Consultative Food Committee should be prolonged until the 31st August, 1920, and that the Sub-Committees of the Consultative Food Committee should be continued in operation so long as the Consultative Food Committee held their continuance to be necessary.

331. Future Functions of the Raw Materials Committee.

The Council considered a memorandum by the Permanent Committee (Doc. No. 299) relative to the future functions of its Raw Materials Committee, containing the proposals that the existing Raw Materials Committee should be reconstituted as a Committee on Raw Materials and Statistical Information.

The Council approved the recommendations of the Permanent Committee subject to the observations of the Belgian Delegation that the future functions of the Committee, as laid down in Document No. 299, involved the fusion of the existing Committee charged with the publication of the Statistical Bulletin with the existing Raw Materials Committee.

The Council directed that the new Committee on Raw Materials and Statistical Information should maintain with the Economic Section of the Secretariat of the League of Nations relations similar to those maintained by the former Statistical Committee.

332. Report of the Communications Section.

The Council noted and approved a report (Doc. No. 300) from the Communications Section on the work accomplished by it since September 20th, 1919.

333. Traffic Conditions in Central Europe.

In connection with the above report, the President of the Communications Section further drew the attention of the Council to the following points:—

- (1) that the proposal that Great Britain, France and Italy should contribute wagons for the supply of coal to Austria had fallen through.
- (2) that an inter-allied meeting had recently been held at Budapest to determine what were the immediate transportation requirements of

Hungary. The result of the deliberations of this meeting had been transmitted to Paris by cable. A relatively small number of wagons would be necessary to satisfy the immediate transportation requirements of Hungary.

(3) that, in view of certain insufficiencies in the working of the recently established Interchange Traffic Committee, steps had been taken to convene a meeting of the representatives of the Governments concerned in order to improve the working of exchange of rolling-stock between the countries of Central Europe.

After discussion, the following resolution, proposed by General Mance, was agreed :—

"The Supreme Economic Council approves the formation of a provisional organisation for facilitating the exchange of wagons across the frontiers of Central Europe, and directs the Communications Section to continue the action necessary to bring this about."

334. Improvement of Postal, Telegraphic & Telephonic Communications Throughout Europe.

a) Black Sea.

The Council considered in this connection :

- (a) A note with proposals by the Permanent Committee (Doc. No. 301),
- (b) a Memorandum by the Communications Section (Doc. No. 302).

The proposals contained in the above document were approved by the Council and the execution thereof entrusted to the Communications Section.

b) Europe in general.

The President of the Communications Section called the attention of the Council to the considerable difficulties still extant in Europe in respect of postal, telegraphic and telephonic communications, and presented the following resolution, which was approved :—

"The Supreme Economic Council resolves that it is essential for the more rapid reestablishment of economic intercourse that postal, telegraphic and telephonic communications should be improved up to at least their pre-war efficiency with the least possible delay, and that for this purpose a formal conference of the technical officers concerned from each country in Europe should be at once convened.

It further resolves that the Communications Section should be charged with the duty either of convening such conferences or, if more convenient, of seeing that they are convened by one or other of the Governments represented on the Council."

335. Situation in South Russia.

The Council considered :—

- (a) a memorandum by the Consultative Food Committee (Doc. No. 303) :

- (b) a memorandum by the Communications Section (Doc. No. 304):
- (c) an extract from a memorandum (Doc. No. 297) by the Consultative Food Committee (see para. 327.b.).

The French Delegation stated that after a considerable delay, the railway mission detailed to assist in the reconstruction of the Ukraine and Donetz railways had left for Russia. They would give instructions to this mission to study carefully the very interesting reports of the British Military Mission.

In respect of memoranda (a) and (b) the following resolution was agreed:—

“The Supreme Economic Council, realising that certain regions of the old Russian Empire which formerly represented an essential element in the economic production of the world, are met with almost insurmountable difficulty in regaining their role, owing to the disorganisation of means of production and transport, expresses the opinion that every effort should be made by all nations to help these regions in their work of economic reconstruction, and, in order that they may be able to offer their contribution to the solution of the present world economic crisis, the Council agrees that the present resolution shall be sent by the various delegations to the Governments represented on the Supreme Economic Council.”

In respect of memorandum (c) the Council agreed the following resolution for transmission to the Supreme Council:—^{4b}

“The Supreme Economic Council being anxious as soon as possible to place at the common disposal the surplus food supplies of South Russia with due regard to the local requirements of that district, expresses to the Supreme Council the necessity of taking into consideration the question of food relief of the populations of Petrograd and Moscow, whenever these towns may be accessible.”

336. Situation in Armenia.

A letter and enclosures from the British Foreign Office (Doc. No. 305) stating the present deplorable situation of Armenian refugees in the Caucasus, was submitted to the Council by the British delegation.

After discussion, the following resolution, proposed by the British delegation, was agreed for transmission to the Supreme Council:—^{4b}

“The Supreme Economic Council, having made careful note of the representations of Earl Curzon in regard to the present unhappy conditions prevailing among the Armenians, desires to place on record its sympathy with the Armenians and to express its regret that it has no resources from which the relief of Armenian necessities could be effected. The Supreme Economic Council is of the opinion that the relief of Armenian distress is as in the case of Austria a matter of

^{4b} See HD-108, minute 1, vol. ix, p. 505.

concern not alone to the Powers represented on the Supreme Economic Council, but to all the civilised peoples of the world."

337. Relations of the Supreme Economic Council With the League of Nations and the Reparation Commission.

The French Delegation read a statement (Doc. No. 306) and a memorandum (Doc. No. 307) inviting the Council to consider in general which of its functions arising from the decisions of the Supreme Council of February 8th, 12th and 21st, and of June 28th, 1919,⁵ were intended to be continued after the coming into force of the Treaty, and in particular what were to be its relations with the League of Nations and with the Reparation Commission.

The British delegation concurred in the view of the French delegation that this question was one of the most important which the Council had to consider. They had taken steps to obtain explicit instructions from their Government before attending the Meeting of the Council and they were directed to inform the Council that, in view of recent political developments, the British Government preferred not to be committed to any definite plans for the future of the Supreme Economic Council. The British Government would have to take into careful consideration current political events in the United States and the position of Great Britain in relation to these events. Pending this, the relations of Great Britain with the Council would continue as at present. They moved on adjournment of the consideration of definite plans for the future until the next meeting of the Council. Their personal view in the matter was that the Council had accomplished most invaluable work and that the information which it had gathered in the course of its labours would be of the greatest use to the bodies which the definite state of peace would call into existence.

The Belgian delegation stated that the view of their Government was as it had always been, that the Supreme Economic Council should be maintained. The services of the Council had been of the most invaluable order and it was certainly the body best qualified to look after the economic interests of the Allies.

As regards the relations between the Council and the League of Nations, there seemed to be a general agreement among the various governments, including that of the United States, that an economic section of the League of Nations should be established. What would be the exact relations between the Supreme Economic Council and the Economic Section of the League, it was as yet too early to say.

With reference to the relations between the Supreme Economic Council and the Reparation Commission, they expressed the view that it would no doubt be expedient that the very efficient advice of the sub-

⁵ See BC-26, minute 5, vol. III, p. 934; BC-30, minute 1, *ibid.*, p. 1001; BC-36, minute 4, vol. IV, p. 62; CF-97, minute 8, vol. VI, p. 741.

committees of the Council should be available for the Reparation Commission when that body should come into existence. As regards the former Finance Section of the Council, and the Allied Maritime Transport Executive, arrangements of this nature had already been made or were under discussion. In the opinion of the Belgian Delegation it was advisable also that the services of the Consultative Food Committee should be utilised by the Reparation Commission in questions affecting the revictualling of ex-enemy countries, as had been the case in the instance referred to in Minute 327 above. In any case they considered it necessary that the Council should, prior to a decision, ascertain the views of the other bodies concerned.

The Italian delegation recalled the statement made by M. Clémentel in London in August 1919, that the Allies had been in too great a hurry to lay down their war organisations. They warned the Council against similar precipitate action in the transition period between the Armistice conditions and Peace conditions. They reminded the Council of the fact that Mr. Hoover had in August proposed the creation of an International Economic Council, and that it had even been decided that this Council should hold its first meeting in Washington in September 1919.^{5a} Although this proposal had for the moment collapsed, they held that Mr. Hoover might possibly yet be able to persuade his fellow countrymen of the advantages of such a course. They therefore agreed with the British delegation that this was not the moment to take decisions and suggested that the Council should continue for the time being without change of organisation until such time as the League of Nations should come into existence. For them the fundamental point was whether the Allies should still have a table round which they might exchange views on topics of current economic interest. The form under which such consultation was to be assured was a matter of secondary importance. They further suggested that the Council should instruct its Permanent Committee to keep in close touch with the Economic Section of the Secretariat of the League of Nations on all matters likely to be of interest both to the League of Nations and to the Supreme Economic Council.

At the request of the Council, Mr. Salter (Economic Section, Secretariat, League of Nations) delivered his views on the question under discussion. He reminded the Council that his remarks were offered from an international standpoint. He was not of course able to speak officially on behalf of the League of Nations since the League did not yet formally exist. There were, however, one or two considerations which he might recall to the Council and one or two suggestions which he would like to make. (His statement and proposals are issued as Doc. No. 308.)

^{5a} See minute 294, p. 499.

After further discussion, the following resolution proposed by the Italian delegation was agreed:—

"The Supreme Economic Council after discussion of its future and its relations with the League of Nations, considers any definite decision to be premature and gives instructions to its Permanent Committee in London to keep in close touch with the League of Nations for the purpose of studying from every relevant standpoint the relations between the Council and the League and remits all decisions to a future meeting, fixed provisionally for the beginning of January in Paris."

338. The Establishment of an International Scientific Food Commission.

The Council noted.—

(a) A report (Doc. No. 309) approved by the Inter-Allied Scientific Food Commission at its meeting held at Brussels May 22-26th, 1919, containing *inter alia* resolutions and a proposed agreement concerning the creation of an International Scientific Food Commission.

(b) A recommendation by the Permanent Committee (Doc. No. 310) suggesting that the question of the creation of an International Scientific Food Commission should be referred by the Council to the Council of the League of Nations with a recommendation that in some form or other the physiological enquiries undertaken during the war by the Inter-Allied Scientific Food Commission should, in the interests of Europe as a whole, be continued on an international basis.

The Council approved the recommendation of the Permanent Committee.

339. Coal Supplies to Italy.

The Italian Delegation laid before the Council certain aspects of the existing situation in Italy as regards the supply of coal. They stated that Italy's situation had slightly improved. They recognised, with gratitude, the help afforded them by their allies but they thought it their duty to their country to point out that on the most favourable estimate the general situation was still critical.

Even if the most rigid economy in consumption were maintained, Italy needed 500,000 tons of coal per month. The Italian Delegation requested the British Delegation to take note of this minimum requirement and to furnish them with a general guarantee that this supply would be maintained whatever changes were made in the system of export control in Great Britain.

They further drew the attention of the British Delegation to the very great financial sacrifices which Italy had to make in order to pay for the coal which she received from Great Britain and the United States. The existing price of approximately 400 lire per ton constituted a well-nigh insupportable burden upon the iron and other metallurgic industries of their country.

The British Delegation replied that they took the most serious note of the declaration made by the Italian Delegation and gave an assurance that every effort would be made by Great Britain to secure the delivery at the required time of the minimum quantities under discussion. They recalled the fact that throughout the war Great Britain had made very considerable efforts to export both to France and to Italy the greatest possible quantity of coal.

As regards the technical side of the discussion they invited the expert representatives of the countries concerned to attend a conference with the British experts in order to discuss the proposed change in the British licensing system, the object of the change being to increase British production with a corresponding increase in the quantities available for export.

It was agreed that a conference on this question between technical experts of Great Britain, France and Italy should take place at the earliest possible moment.

340. German Exports to Turkey.

The Council noted a recommendation by the Permanent Committee (Doc. No. 311) suggesting that the Council should consider the question of making a recommendation to the Supreme Council that Article 23 of the British Armistice terms, prohibiting Turkey from commercial relations with the Central Powers, should be overridden in view of the very considerable interest shared by the Allies in the rapid economic recovery of the countries under reparation obligations to them.

The French Delegation stated that both the Financial and Economic Commissions were already dealing with clause 23, and they feared that action by the Council might lead to confusion, especially as no decision had been arrived at. It struck them that the difficulties referred to matters which could be settled by the High Commissioners at Constantinople. They moreover recalled the fact that, when on previous occasions similar proposals to override the Armistice terms had been brought before the Supreme Council, the Supreme Council had invariably decided in favour of the maintenance of Armistice conditions.

The British Delegation were prepared to accept the recommendation of the Permanent Committee. They considered that the present situation in Turkey had arisen from the fact that the situation *de facto* did not correspond to the situation *de jure*.

It was agreed:—

That the Council should take no joint action in the matter, it being understood that the French Delegation would communicate with their High Commissioner in Constantinople about this and other similar questions arising out of the Turkish Armistice conditions.

341. Foreign Banking Committee in the United States.

The Italian Delegation informed the Council of the establishment in the U. S. A., as a result of conferences held at Atlantic City, of a foreign banking Committee.

It was stated that no official information was available as to the exact functions of this Committee, whose work would doubtless prove of great value.

342. Trade Restrictions in Europe.

The Council noted a report (Doc. No. 312)* submitted by the French Delegation relative to the trade restrictions at present in force in various European countries.

The Council referred the report to its Permanent Committee and to its Raw Materials Committee for appropriate action.

343. Time and Place of Next Meeting.

At the invitation of the French Delegation it was provisionally decided that the Council should meet in Paris about the 10th January, 1920.

Appendix 293

Cable to Lord Robert Cecil, Mr. Hoover, M. Clémentel, Sig. Crespi and M. Jaspar

22 NOVEMBER, 1919.

On the occasion of its 31st meeting the Supreme Economic Council wishes to express to you its deep sense of the very great value of your joint labours in the economic sphere during the past critical months and to convey to you its hearty thanks for all your efforts in the cause not only of Europe but of the economic reconstruction of the world.

Appendix 294

Decision of the Supreme Council, 17th November, 1919, [Regarding] German Tank Steamers

It was decided:—

1. To instruct the Armistice Commission to give instructions that the German Tank Steamers should proceed to the Firth of Forth.
2. To inform the Commission in addition that the nine Tank Steamers claimed by American interests must be retained in the Firth of Forth without being used until the Council came to a new decision.

*Not included. Will be circulated later. [Footnote in the original. Appendix 312 is not here printed; see note concerning appendix 312, p. 674.]

3. That the other tank steamers should be handed over to the Allied and Associated Governments for temporary management, in accordance with the decision taken by the Allied Maritime Transport Executive on the 17th September, 1919.

4. That M. Polk while accepting the three points above reserved to himself the right of raising the question anew if he could not obtain the assent of his Government.

5. That M. Polk would call the attention of his Government to the very urgent need of France and Italy for petrol, which rendered it necessary to come to an immediate decision with respect to the allocation for temporary management of the German Petrol steamers.

Appendix 295

Report of the Work of the Permanent Committee, October 6th/November 5th, 1919

1. Inter-Allied co-operation in the purchase of foodstuffs.

The Consultative Food Committee has established Sub-Committees for the purchase of butter, hog products and sugar. The Sub-Committee met in London on the 27th October and submitted reports to the Consultative Food Committee embodying proposed arrangements for co-operation in purchase between the European Allies.

2. Provisioning of Austria.

The Food situation of Austria has several times been considered at meetings of the Permanent Committee. At the meeting of October 6th, letters from the Austrian Delegate were read, as well as telegrams exchanged between Mr. Elliot and Mr. Gorvin, concerning the immediate requirements of Austria, Mr. Gorvin's telegram mentioning a request of the Chancellor, Renner, to obtain the speedy delivery of 50,000 tons of wheat to Austria. The Permanent Committee was not able to settle the question as it was not competent to do so. It could only state that it was absolutely necessary to know what organisation was to be responsible for arranging for the provisioning of Austria, and what organisation would be entrusted with the duty of obtaining payment for this provisioning.

The French Delegate suggested a solution: the constitution of a Committee for the provisioning of Austria reporting to the C. O. R. C. and partly composed of the staff of the Consultative Food Committee. It was then decided that the delegates of the Permanent Committee and representatives of the C. O. R. C. should meet in Paris to investigate the desirability of the constitution of such a Committee. This meeting could not take place, and no further steps have been taken concerning the question.

3. Tonnage for the immediate supply of Austria.

On the 6th October the Permanent Committee referred to the A. M. T. E. the request for tonnage to transport 10,000 tons of wheat which the Austrian Government had purchased at La Plata to re-place the same quantity previously borrowed from the Belgian Government. As regards this request, the Permanent Committee informed A. M. T. E. that, so far as it was able to judge, there was no reason to doubt the urgency of Austrian requirements.

On the 22nd October, the Permanent Committee took note of the reply of the A. M. T. E. which was to the effect that, assuming Belgium recouped her outlay, the simplest method would be for Belgium to import the cereals herself in what manner she chose.

The Belgian Delegate on the Permanent Committee undertook to lay the view of his Government before the A. M. T. E. with a view to obtaining a re-consideration of the question. At the same time, he stated that the time fixed for the repayment by Austria of the 10,000 tons of wheat in question had been prolonged to the 30th October.

4. Polish Stocks at Dunkirk.

On the 22nd October, the Permanent Committee considered a request for tonnage made to the A. M. T. E. to lift Polish stocks which were over-crowding the port of Dunkirk. Two British ships had already been allocated for this work and the A. M. T. E. had offered to allocate two others. In view of the fact that the Treaty of Peace was not yet in force, it was proposed that the A. M. T. E. should allocate these two vessels at "blue book" rates. This proposal was agreed to at the 23rd meeting of the A. M. T. E.

In the general case of ships allocated before the entry into force of the Peace Treaty which completed their voyage after its entry into force, it was proposed to allocate these ships at commercial rates with a clause stipulating the repayment of the difference between "blue book" rates and commercial rates for the period during which the ships were at sea before the entry into force of the Peace Treaty.

5. Agreement between the Egyptian Government and the Société Générale des Sucreries et de la Raffinerie d'Egypte.

On the 22nd October and the 5th November, the Permanent Committee considered the question of the desirability of a renewal by the Egyptian Government until January 31st, 1921, of an agreement made between it and the Société Générale des Sucreries et de la Raffinerie d'Egypte, with special reference to the fact that the renewal of this agreement involved the maintenance in Egypt of import licences for sugar. The Permanent Committee decided to raise no objection to the renewal of this Agreement.

6. Supplies to Poland for the Winter 1919/20.

On the 6th October the Committee considered and referred to the Consultative Food Committee the question of the requirements of Poland in foodstuffs, coal and raw materials for the Winter of 1919/20. This question was considered by the Consultative Food Committee at its meeting on the 10th November, when a report was prepared for the Council.

7. Railway materials for Greece.

On the 6th October, the Permanent Committee considered the reply of the French Government to the request of the Greek Delegation for railway materials. It was explained that as the Greek Government had no advance account in France, the French Minister of Finance could not consent to the cession of this railway material under the same conditions as those made to other Allies. This report was transmitted to the Communications Section.

8. Greek request for enemy tonnage.

On the 6th October, the Committee considered requests from the Greek Delegation for the immediate cession of enemy tonnage. The Committee considered that there was no reason to accede to the requests of the Greek Delegation, except in the case of a contrary opinion on the part of the A. M. T. E. The A. M. T. E. has raised no objection to the decision of the Permanent Committee.

9. Bridge over the Save.

On the 22nd October, the Permanent Committee took note of a telegram, informing it of the completion of the Railway bridge over the Save, the delivery of the material for which had been expedited at the request of the Committee.

10.

On the 6th November the Permanent Committee was occupied mainly with the discussion of agenda for the meeting of the Council in Rome. Amongst the chief subjects considered were:—

- (a) Allied co-operation in purchase.
- (b) The position of Italy as regards coal supplies.
- (c) The situation in South Russia, with particular reference to the possibilities of the export of foodstuffs.
- (d) The provisioning of Austria.

Appendix 296

Report of the Proceedings of the Consultative Food Committee

The Consultative Food Committee have held two meetings since the Brussels meeting of the Supreme Economic Council on the 3rd and 10th November, and several meetings have been held of Sub-Committees. Progress may be recorded under the following headings:—

(1) *Belgian Representation.*

The Belgian Government have expressed a desire to purchase certain foodstuffs in co-operation with the United Kingdom, France and Italy, and have appointed representatives to the Consultative Food Committee.

(2) *Meeting with German Delegates.*

The British representatives on the Consultative Food Committee held a conference with representatives of the German Finance and Food Ministries at Cologne on 23rd September. The food situation in Germany—with special reference to the importation requirements during the first four months of the cereal year 1919–1920—was discussed, but it was pointed out by Herr Bergmann, the German Minister for Finance, that finance was in every case the limiting factor, and that German financial resources must be more fully explored before a programme of buying could be framed. The situation had been temporarily eased by importation under the Armistice arrangements, but further gold was not available for payment of food.

The Organisation Committee of the Commission on Reparations considered a Report of the Conference and decided to take no action until the German Government had put forward a definite buying programme with suggestions as to finance.

(3) *Formation of Sub-Committees.*

Sub-Committees have been set up to deal with the following commodities:—

- (a) Wheat and Flour.
- (b) Meat.
- (c) Sugar.
- (d) Hog Products.
- (e) Butter and Cheese.

(a) The Wheat and Flour Sub-Committee meets regularly every week. After consultation between the Allies orders for purchases are sent out to the various exporting countries through the agency of the British Royal Commission on Wheat Supplies. Purchases which for one reason or another are not made according to this method are reported by the respective Allies Delegates to the Sub-Committees so

that complete exchange of information regarding prices and available supplies is effected.

(b) The Meat Sub-Committee in the same way as the Wheat and Flour Sub-Committee places all buying orders in the hands of the purchasing organisation set up by the British Government. After an exhaustive survey of the probable world's supplies of meat, it has been estimated that in the first half of 1920 there will be both Meat and refrigerated tonnage to cover the requirements of France, Belgium, Italy and the United Kingdom, and probably leave a moderate balance available for other European importing countries. The requirements of Belgium have been co-ordinated with those of the three other Powers signatory to the Consultative Food Committee Agreement.

(c) The Sugar Sub-Committee held a preliminary meeting on 27th October, at which the principle of consultative buying was agreed by the United Kingdom, France and Italy, all purchases being made either by or in consultation with the Royal Commission on Sugar Supplies. Where private importation is taking place, as in the case of manufacturing sugar for France, endeavours are being made to centralise purchases through a Committee of Importers with a view to their sending representatives to the Sub-Committee.

At a subsequent meeting the disposal of the Czecho-Slovakian surplus was fully discussed, and a decision was taken to restrict the purchases of the Sugar Sub-Committee in this market to a figure which would leave an available surplus sufficient to fulfil the requirements of German-Austria, Hungary, and any other countries normally dependent on Czecho-Slovakia for supplies of sugar.

These arrangements for co-operative purchasing are to continue until 31st August 1920, subject to revision or suspension at three months' notice given by any one of the contracting parties.

(d) The Sub-Committee on Hog Products has agreed that purchases on behalf of each country in New York, shall be co-ordinated among the buying agencies of the several Governments. The arrangements for consultative buying hold good until 30th June 1920, subject to revision or suspension at one month's notice by any of the contracting parties.

(e) The Sub-Committee on Butter and Cheese agreed that in North America and other exporting countries, Belgian Italian and British buyers should co-operate and buy within agreed limits of price. Repartition of purchases in Denmark was also arranged. The French Government have undertaken to prevent competition by private importers which might lead to increase of prices by restricting the use of refrigerated tonnage to normal Government imports and by prevention of profiteering.

In the case of all Sub-Committees arrangements have been made whereby future programmes and a record of all purchases made by each participating country shall be placed on the table. The buying arrangements are to continue for the same period as those for Hog Products.

(4) *American Representation.*

The principles adopted by the Consultative Food Committee and the method of procedure agreed in respect of the commodities for which the Executive Sub-Committees are responsible have been communicated to the State Department at Washington reiterating the cordial invitation to assist the Committee and to appoint representatives. No reply has yet been received.

NOVEMBER 14, 1919.

Appendix 297

Memorandum by the Consultative Food Committee [Regarding] Co-operation Among the Allies as Regards Purchasing

The Consultative Food Committee desires to lay before the Supreme Economic Council certain difficulties which seriously hamper its work and on which it desires instructions.

1. *Competition of Germany in purchasing Foodstuffs.*

The Belgian representatives have brought to its notice considerable purchases of foodstuffs by the Germans through Antwerp and Rotterdam at considerably higher prices than those now being paid by the Allies. Reports have also been received from other sources of Central Empire purchasing operations or proposals in other markets which have also tended to increase prices or to deprive the Allies of supplies which they need.

In respect of several vital food products the upward trend of prices has not yet been steadied, though the work of the Consultative Food Committee has been of great value to the various countries concerned in regard to this. The Committee cannot achieve its full usefulness, however, unless it is kept informed from day to day as to German and other Central Empire purchases and requirements. For this purpose it is probably not necessary that German representatives should be formally added to the Committee, but it is essential that information regarding German purchases and requirements should be constantly available, and that orders should not be placed by them save with the prior knowledge of the Committee. This proposal applies not merely to purchases of foodstuffs financed under the Reparation Clauses of the Treaties but to any other purchases.

It is believed from what transpired at a meeting at Cologne between the members of the Consultative Food Committee and the representatives of the German Food and Finance Ministries that the Germans would raise no objection to this course.

2. *Supplies to ex-enemy countries.*

Responsibility for dealing with imported supplies from overseas to Austria and other ex-enemy countries needs more definite determination. The Consultative Food Committee is not at all concerned with the provision of finance, but foodstuffs in the quantity likely to be needed by Austria from Overseas cannot be provided without the scheme of provision being carefully worked out and adjusted from time to time, with a full knowledge of the requirements and programmes of the Allied countries.

The provision of supplies for Austria is becoming a matter of very grave concern. Unless some decision can be reached very rapidly it may be impossible in any case to provide her needs in time to prevent disaster, for which the Allied Governments as a whole might be held responsible. At the present moment, the Reparation Commission may have the finance, but it does not appear to have available the necessary foodstuffs nor the machinery for providing it. The Consultative Food Committee has the foodstuffs, but is unable to discover from what source the finance will if at all be provided.

It is of great importance, therefore, from the point of view of the Consultative Food Committee, that a decision should be reached as to whether or not finance is to be provided and by whom and as to the responsibility for providing the foodstuffs.

3. *Supplies of Foodstuffs to and from Russia.*

The Consultative Food Committee is unaware whether it has any responsibility as regards the provision of supplies to certain parts of Russia as and when they may be required; nor as to whether anybody has such responsibility. It appears certain that there are some hundreds of thousands of tons of surplus grain in South Russia which can be obtained if adequate undertakings can be given to feed Petrograd and Moscow if and when necessary. These quantities of grain, if secured, would at once transform the whole food situation in Europe. The Consultative Food Committee desires to know whether if, in the course of negociation with General Denekin's Government for the procuring of surplus grain from South Russia, it finds it necessary to give undertakings with reference to relief supplies for other parts of Russia it is authorised to give such undertakings and to organise its shipment and supply programme.

NOVEMBER 14, 1919.

Appendix 298

Memorandum by the Italian Delegation

3/11/19.

The Consultative Food Committee was constituted at the Meeting of the Supreme Economic Council in London on the 2nd August last, for a period fixed provisionally until the 31st December next.

The most important functions of the Consultative Committee are those fulfilled by the Executive Sub-Committee for Wheat and Flour and by the Meat Sub-Committee, therefore this memorandum will be mainly concentrated on these two points.

Practically the action of these two Sub-Committees is a continuation of that followed during the war, with the only difference that there was no pooling of finance and transport, it having been established that each party should be solely responsible for providing its own finance and tonnage. For the rest, the Sub-Committee on Wheat and Flour still acts as in War time, the fundamental basis of their action being based on purchases and shipments through the Wheat Commission of London and their agencies abroad.

The reason which, in August last, rendered the continuance of such system useful, was practically that the markets showed a great uncertainty, both in regard to quantity available and prices, in view of the requests of the ex-enemy and the new countries.

The effect of the requests from ex-enemy countries was not actually so important as it appeared, because, owing to financial difficulties, though in a different measure, both Germany and German Austria were prevented from buying even the minimum necessary for their requirements. At any rate, the benefit derived from the system adopted in August appeared to be very great, and one of the proofs is that the prices of River Plate showed a substantial decrease, notwithstanding the fact that general pressure upon the markets was, at least in the latter months, heavier than before.

Considering that the duration of the Consultative Food Committee expires on the 31st December next, the question arises as to the future regime.

For that there are two alternatives.

1. To continue for the year 1920, or at least up to the completion of the current cereal year, with the existing system, in view of the fact that even now in the situation of the markets, both as regards quantity available and prices, is not clear, and also for the fact that the national controls would continue for at least a part of the next year. Such solution appears still more necessary when it is considered that the return to normal trade must be preceded by the abolition of the State Subsidy for bread, which appears urgent almost everywhere in order to elimi-

nate such heavy financial burden on the Governments and for the purpose of increasing the internal production. The elimination of the bread subsidy, however, is not practicable, if it is not possible to anticipate the prices for a large part of the next year. In fact, if prices remain the same, or decrease, the abolition is possible, but if they are going to be higher, it is impossible, or at any rate very difficult. It is improbable that we shall have at least any increase if the existing system is maintained.

2. The other alternative is to pass rapidly to a state of commercial freedom.

The reasons for advocating such solutions are, first of all, that the present system of Executives is and cannot be other than temporary. Moreover, there is the fact that the Executives are practically composed of war volunteers, business men who desire to return to their normal occupations and without whom the action of the Executives would be impeded.

This second solution offers the possibility, even with the abolition of the Executives, of leaving the Consultative Food Committees as a general clearing house of information and as a centre of international information and advice.

Between these two solutions there is practically no direct opposition, the second being the logical and definite one; the only point which it is necessary to discuss is that of the date for the passage from the first to the second. Two elements must be considered, viz; the general world situation and the possibility of putting into immediate action the national organisations. It is necessary therefore, to examine whether such transformation is possible in the very first part of next year, or at the completion of the cereal year, or afterwards. The last suggestion seems the most convenient.

First of all, it is necessary to consider the question of the subsidy already mentioned. The passage from the present prices under the subsidy to the cost prices, is of great importance, also from a political point of view, and it is only possible when the cost prices can be, to a certain extent, foreseen and fixed. If the prices are known, even approximately, all the financial operation involved can be determined. Moreover, the operations would be very difficult, if not impossible, should the prices be higher than at present; on the other hand, it would be easy if the prices should be lower. Then two elements are necessary; the prices must be foreseen, and the prices must not be higher. Under the present system, that is possible. This point is of the greatest importance, particularly for countries where bread plays such a large part in the popular diet, and where the present cost of living, in comparison with the level of wages, leaves only a very narrow margin.

Apart from the subsidy, the question of prices is the central one.

It is true that, generally speaking, the last crops were good; that the possibilities of buying for the ex-enemy and new countries were and are not so large as expected, and the supplying countries show a certain anxiety to sell; there are, however, three facts to consider:—

(a) The numerous and serious difficulties which the European countries find in the re-organisation of their national production of cereals.

(b) The general increase in consumption which can be reckoned at approximately 20%.

(c) The fact that free buying will give rise to a concentration of an extensive, anxious and undisciplined demand from the Allied countries in America, which constitutes the principal market.

It is also necessary to consider some other very important facts:

a) The buyers have before them, not many and various producers and merchants, but on the contrary, strong national combines which either directly or indirectly control sales and exports. The most clear cases are those of the Export Corporation in the United States and Canada.

b) Further, profiteering and speculation are more possible and probable in goods of this kind which are of such a great political value, and for which, even with a general good crop as the last, the margin remains always very narrow.

c) The Russian situation also needs consideration. If the Bolshevik Government in Russia should be overturned, Russia would immediately become both an importer and exporter of cereals. In order to take full advantage, even in the interest of Russia herself, it is necessary for the Allies to come to a certain understanding, to discipline both the sales and the purchases of food for Russia, in order even to avoid the effect of too large exports from the South, increasing the need of relief in the North, and rendering more difficult the political and economic situation of that country.

d) Finally, there is another important case—the supply to German Austria. Until a general equilibrium is reached between distribution and production and consumption, cases like that of Austria must be dealt with through an understanding among at least the Allied countries. It is a fact that as a definite solution, the first source of supplies for German Austria must be found in the nearest countries. Through the present system of buying, the Allies can easily avoid purchases in such countries, in order to direct the cereal surplus there to German Austria. With the free system of buying, this is not possible.

All the above facts are considered to show that the moment of passing from the first to the second solution has not come. This, however, does not prejudice the necessity of returning, as soon as possible, to the normal system of buying, and importing and preparing immediately such return, giving to the National Organisations wider powers, as, for example, for shipping, receiving and distributing cereals, retaining, however, the purchases, for a further period, to the actual Inter-Allied Organisations.

Appendix 299

Memorandum by the Permanent Committee on the Functions of the Raw Materials Committee

At the 29th Meeting of the Supreme Economic Council it was decided to request the Raw Materials Section to meet and draw up a report on the deficits in the supply of Europe with raw materials.⁶ This meeting took place and a report was presented at Brussels on Sept. 20th.⁷ It is stated that in the case of Raw Materials, as in that of food, the situation had changed for the worse since the time when the Raw Materials Section adjourned in May.

On the other hand, the events which have taken place in the world as a whole since the signature of the Peace Treaty with Germany show that it is more necessary than ever to make a careful examination of the general situation and to carry on this examination on common lines.

The Raw Materials Section, which in its present form is not adaptable for dealing either with common purchases or transports, should be organised so as to be able to undertake this other work. It is particularly well qualified for it on account of the information which it has already collected in the course of its work.

In order to make it quite clear that it would not have the same functions as the former Raw Materials Section, it would be desirable to give another name, such as "Committee on Raw Materials and Statistical Information". This would correspond to what was done in the case of the Finance Section and the Food Section.

It does not appear necessary that Ministers should be members of this new Committee. High officials who, by the nature of their work, are in a position to be acquainted with all the necessary information up to date, might be appointed members of this Committee. The Committee would also undertake the publication of the Statistical Bulletin. The situation as thus defined would correspond to the present *de facto* position.

In these circumstances, it is proposed that the Council should approve the adoption of the following proposals:—

(1) There shall be constituted a Committee on Raw Materials and Statistical Information.

(2) It shall be the duty of this Committee:—

(a) to be acquainted at all times with the situation as regards raw materials.

(b) to collect and to publish as far as may be considered opportune, either in the Statistical Bulletin or otherwise, all sta-

⁶ See minute 280 (c), p. 496.

⁷ See minute 312, p. 565.

tistical or other information concerning not only the situation as regards raw materials, but also the various controls and regulations and important economic facts.

- (c) to consider the actual results on the supply of Raw Materials distribution of trade etc., arising either from Govt. action or from the commercial practices of the various nations.
- (d) to study the possibilities of increasing production in the producing countries and the means of removing the obstacles to such increase.

(3) Each Government shall appoint a delegate to represent it on this Committee.

(4) This Committee will report to the Supreme Economic Council and to the Reparation Commission.

NOVEMBER 12, 1919.

Appendix 300

Memorandum on Work of Communications Section Since September 22, 1919

Baltic Provinces.

(a) A Financial arrangement has been come to between the Lithuanian Government and the French Ministry of Finance for the cession to Lithuania of 30 Armistice locomotives. All arrangements have been made for their despatch, and the locomotives have already left and are proceeding across Germany.

Poland.

The transportation situation here continues to improve. All Armistice locomotives ceded have been received and 1,700 out of the 2,000 waggons. General Hammond, Chief of the Allied Railway Mission has also been appointed as Transportation Representative on the Upper Silesian Plebiscite Commission. Stores and railway material are continuing to arrive at Dantzig.

Czecho-Slovakia.

Arrangements have now been finished for the despatch to Czecho-Slovakia of Armistice waggons from France, for their repair in Czecho-Slovakia and return to France. Payment for these repairs will be made by ceding to the Czechs a number of these waggons equal in value of the repairs of those sent back to France.

Austria.

A proposal has been submitted to the Supreme Council whereby France, Great Britain and Belgium should each hire 1,500 waggons to Austria for coal transportation, if it is considered that the International situation warrants this step, at the expense of the national situation of the three countries concerned.

Jugo-Slavia.

The railway bridge over the Save River at Belgrade was completed and opened to traffic on the 13th October last. This was the last remaining link to be repaired on the Paris-Constantinople Line, and it is hoped that "The Simplon Orient Express" will be able to run direct through to Constantinople shortly.

Roumania.

The situation as regards despatch of materials and locomotives to Roumania remains unchanged, owing to the continuation of the embargo.

Hungary.

The transportation situation in this country has become very precarious owing to the sequestration of rolling stock by the Roumanians. Up to the end of October they had taken 1,200 locomotives odd, and 36,000 waggons.

The Danube.

Representatives of Czecho-Slovakia, Roumania and Serbia have been nominated to the temporary Danube Commission. A credit of £15,000 for the expenses of this Commission has now been authorised by the British Treasury and issued to Admiral Troubridge.

Interchange Traffic Committee.

This has been set up at Vienna by the country representing the old Austro-Hungarian Empire, and Italy, Poland, Roumania, and the Ukraine, for the purpose of the interchange and checking of waggons at frontier stations. It is hoped that by this means a great deal of the mistrust of States will be overcome, and a freer interchange of commodities will take place.

Commission for Repartition of Rolling Stock in the Austro-Hungarian Empire.

The British members of the various Communications Section Transportation Missions have been directed to furnish Sir Francis Dent, President of the above Commission, with any information and statistics that he may require. Other members of the Communications Section have been requested to give orders in a similar sense to their own representatives.

General Census of Rolling Stock.

It has been decided that the Presidents of the various Transportation Missions in Europe should request the Governments concerned that a general census of all rolling stock should be taken throughout Central Europe every fourth Sunday starting on January 4th, 1920.

It has been decided to reduce the number of independent missions in Central Europe by placing those in Czecho-Slovakia, Hungary, Austria and Yugo-Slavia under the orders of the old Adriatic Mission.

Appendix 301

Note by the Permanent Committee [Regarding] Difficulties of French Communications in the Black Sea

One of the first tasks of the Communications Section was to restore commercial postal services for the use of all the Allies equally in the trains run by the French Military Authorities in Central and Eastern Europe.

The French Government has always given its assistance to this service, especially to the transport of the British post.

It appears from numerous and similar reports that French posts to and from the ports of the former Russian Empire in the Black Sea do not receive equally favourable treatment. While the English posts are transmitted rapidly from Russia to Constantinople, after which they are sent on to the West with the active assistance of the French Authorities concerned, the French posts, on the contrary, have to await the very infrequent passage of French or Greek vessels.

No less difficulty is experienced as regards telegraphic communications.

It appears that the British Authorities, who have extensive control over traffic in the Black Sea, should be in a position to give effective assistance in remedying this state of affairs.

It is proposed:

(1) To instruct the Communications Section to report on the technical arrangements now in force and to be made both for postal and telegraphic communications.

(2) To request the Communications Section to arrange for the necessary instructions to be given so that postal and telegraphic arrangements, including those for commercial posts and telegraphs, should be the same for all the Allies.

Appendix 302

Memorandum by the Communications Section [on] Difficulties of French Communications in the Black Sea

With reference to the annex 38 attached to the proceedings of the 5th Meeting, Permanent Committee of the Supreme Economic Council:—

1. The present technical arrangements in force for

(a) Postal communications are unsatisfactory since they are dealt with partly by the British Consul at Novorossisk and partly by the Army signals. In order to regulate this state of affairs an officer of the British Army Post Office has been dispatched 10 days ago by the General Post Office to take over local arrangements. This officer will be attached to the British Military Mission.

(b) Telegraphic Communication. There is a submarine cable from Constantinople to Odessa, thence by land line from Odessa to Taganrog and on to Novorossisk. There is also a land line from Constantinople to Batoum and Novorossisk. Thirdly there is a wireless installation at Constantinople and Novorossisk.

2. As regards Postal arrangements, I am informed by the General Post Office that there should be absolute equality for the Posts of all nations to and from Russia, and that if any irregularities have occurred they are due to the unsatisfactory arrangements which have been in force up to now.

The Telegraph Station at Constantinople is run by the British War Office in conjunction with the French and Italian Authorities who have equal rights for sending messages by wireless. The British War Office, however, are unable to inform me at the short notice given if this also applies to the other two routes above mentioned.

N. H. THORNTON.

Maj. R. E.

Secretary, Communications Section.

14.11.19.

Appendix 303

*Note by the Consultative Food Committee [Regarding the] Situation
in South Russia*

The Consultative Food Committee has kept itself informed of the Economic situation in Southern Russia.

It is certain that the grain harvest has been large, and that under normal circumstances there would be considerable Export Trade. Owing, however to the dislocation of transport and difficulties of exchange, it is improbable that supplies will be available for some time to come.

15.11.19.

Appendix 304

[Memorandum From the Communications Section Regarding the]
Situation in South Russia

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1. Covering letter by Col. Maxwell to British Secretary.
2. General note[s] by Col. Maxwell.
3. Report by Col. F. R. Hull.
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5. Letters and report on the loan of £20,000,000 asked for.

[1. COVERING LETTER BY COLONEL MAXWELL]

12 NOVEMBER, 1919.

BRITISH SECRETARY, SUPREME ECONOMIC COUNCIL

Trafalgar House, Waterloo Place, S. W. 1

SIR: I am in receipt of your letter of the 8th November and I note that the question of the present economic situation in South Russia will be discussed in Rome on November 22nd. I am forwarding herewith a number of Reports selected from a very large quantity of information on the subject of the transportation situation in South Russia. My information has been very largely obtained from Colonel F. R. Hull who was the British Military Railway Adviser to the Mission with Denikin's forces. This Mission is a Military one run by the War Office and my thanks are due to the War Office for all the information which I am able to provide. So far the Communications Section has not taken over the Mission in South Russia.

I am [etc.]

G. MAXWELL.

Colonel.

For Chairman Communications Section.

[2.] GENERAL NOTES [BY COLONEL MAXWELL]

Colonel Hull's Report No. 10 and his latest Report of date give fairly accurately and concisely the actual situation as regards transportation in South Russia. It seems an undoubted fact that South Russia is not really impoverished by the War. The whole area so far as can be seen from the railway is well cultivated, the harvests are abundant. Something like 80% of the whole area is now under cereals.

Colonel Hull's 2 great points are:—

1. That no real re-organisation of transport can take place until the food supply is organised.
2. That there are great possibilities in the area of South Russia.

Colonel Hull thinks that a million tons of wheat can be exported from South Russia but not a ton will be moved, in his opinion, until the distribution of food is organized.

Attached to these Notes is a complete file of reports from Colonel Hull which deal exhaustively with the whole situation in South Russia. Certain general facts are apparent from these reports:—

1. The question of finance where it is important to know what form of assistance will produce the greatest results at the least expense. It is submitted that assistance in the re-organising of internal communications best fulfils this requirement.

2. The solution of the transportation problem will alone solve the food problem and will partly solve the raw materials problem. Without the restoration of Communications no other form of economic assistance can take effect.

[3. REPORT BY COLONEL HULL]

SOUTH RUSSIAN RAILWAYS: GENERAL POSITION IN OCTOBER 1919

General Situation.

The Armed Forces of South Russia (A. F. S. R.) under the command of General Denikin had under their control about 12,000 versts of railway (8000 miles), the area including the towns of Odessa, Kiev, Orel, Voronesh and Tsaritsin on the boundary running from West to East on the North, whilst the Caucasus formed the Southern boundary.

Traffic was worked on all lines in this area and the track generally was in fair condition. Many bridges had been destroyed by the enemy but temporary repairs enabled traffic to pass.

Transportation.

Traffic was restricted owing to the limited number of locomotives in working order, only 34% of the pre-war total, and these locomotives owing to poor condition and bad organisation were worked at half their proper capacity, thus reducing the operating locomotive power to 17% of the pre-war power.

Rolling Stock.

The following was available:—

Locomotives.

Total No. in working order	1720
(Pre-war total stock	5005)
Total No. awaiting repair	1684
Total removed by enemy	1601

Passenger-Coaches.

Total No. in working order	1858
(Pre-war total stock	5577)
Total coaches awaiting repair	1157
Total removed by enemy	2562

Freight Wagons.

Total No. in working order	58591
(Pre-war total stock)	140435
Total wagons awaiting repair	19545
Total removed by enemy	62299

Operation of Rolling Stock.

The following percentages show how the available stock compares with the pre-war totals.

Locomotives available for operating	34%
Passenger Coaches do.	33%
Freight Wagons do.	41%

The locomotive position is critical owing to the limited number and their poor working condition.

The passenger coach position will become serious on the cessation of hostilities when passenger traffic will increase.

The freight wagon position is fair and there is no need for the importation of new wagons.

New Rolling Stock.

There is very urgent need for the importation of new locomotives and 300 should be delivered in 1920, with another 700 to follow in 1921 and 1922. These locomotives should be heavy freight type, 0-10-0, the engine weighing about 80 tons, or 16 tons per axle.

If however arrangements can be made to increase the repair capacity of the existing locomotives repair shops or to repair Russian locomotives outside Russia, then the number of new locomotives can be reduced by the number of locomotives thus specially repaired.

Railway Stores and Repair Material.

Material to the value of £500,000 is being shipped to South Russia but additional material to the value of £1,000,000 is still urgently required in order to place the locomotives and wagon repair shops in a condition to maintain traffic and repair damaged stock.

Fuel Situation: Coal.

The situation is critical owing to the limited transport and failure of supply from the collieries owing to disorganised labour which is mainly caused by lack of food supply and commodities for the coal miners.

Oil.

Supplies from the Grozni fields are limited owing to the lack of transport facilities. Land transport of oil from Baku to Batoum is also limited owing to lack of transport and also owing to political troubles. Some 4,000,000 tons of crude oil is in storage at Baku.

Economic Situation.

The lack of an organised food supply and the general dearth of all commodities is the cause of the critical labour situation amongst the railwaymen, coal miners and industrial workers, whose working capacity is reduced to one-third of their pre-war efficiency. Railway workers spend one-third of their time in travelling to obtain food; in

speculation to obtain extra money with which to buy food; or in some other occupation more highly paid than their regular job. All workers are short of clothing and commodities which are usually unobtainable though sometimes to be had at prohibitive prices. Commodities to the value of £500,000 are being supplied to the railway workers and a further £2,000,000 should be supplied in 1920/1921.

Transportation of Commodities for Export.

Transport for export will not be available until internal transport needs are met for such urgent matters as, food distribution from wheat areas to industrial areas, coal transport and oil transport, and above all the urgent military needs at the front and transport of military stores from the ports. Due to bad organisation these internal transport needs are still short as regards locomotive power and only with improved labour conditions and importation of locomotives can transport demands for export be met.

Labour conditions will improve immediately an organisation is in operation for the purchase, collection and distribution of food to the industrial areas, and this organisation must be combined with the importation of clothing and commodities.

Commodities for Export.

The harvest of 1919 has been abundant, the best for 20 years, and the area under cultivation in the Ukraine, the Kuban district and the Crimea is almost normal. From 500,000 to 1,000,000 tons of cereals will be surplus and available for export when transport facilities permit.

Help Expected From the Allies.

To obtain export of cereals from South Russia the following measures are necessary:—

- (1) An organisation for the purchase, collection and distribution of food in the industrial areas.
- (2) Importation of railway repair material to the value of £1,000,000 during 1920.
- (3) Importation of commodities for the railway workers and coal miners to the value of £2,000,000 during 1920 and 1921.
- (4) Purchase and immediate importation of 300 locomotives of the approximate value of £3,000,000.
- (5) Re-organisation of the existing locomotive repair shops and conversion of existing mechanical workshops into locomotive repair shops.

Foodstuffs & Raw Material for Export.

The following materials will be available for export when transportation facilities are improved:—

From 500,000 to 1,000,000 tons of cereals.

About 4,000,000 tons of crude oil.

“ 1,000,000 tons of petrol.

Operation of Rolling Stock.

The following percentages show how the available stock compares with the pre-war totals.

Locomotives available for operating	34%
Passenger Coaches do.	33%
Freight Wagons do.	41%

The locomotive position is critical owing to the limited number and their poor working condition.

The passenger coach position will become serious on the cessation of hostilities when passenger traffic will increase.

The freight wagon position is fair and there is no need for the importation of new wagons.

New Rolling Stock.

There is very urgent need for the importation of new locomotives and 300 should be delivered in 1920, with another 700 to follow in 1921 and 1922. These locomotives should be heavy freight type, 0-10-0, the engine weighing about 80 tons, or 16 tons per axle.

If however arrangements can be made to increase the repair capacity of the existing locomotives repair shops or to repair Russian locomotives outside Russia, then the number of new locomotives can be reduced by the number of locomotives thus specially repaired.

Railway Stores and Repair Material.

Material to the value of £500,000 is being shipped to South Russia but additional material to the value of £1,000,000 is still urgently required in order to place the locomotives and wagon repair shops in a condition to maintain traffic and repair damaged stock.

Fuel Situation: Coal.

The situation is critical owing to the limited transport and failure of supply from the collieries owing to disorganised labour which is mainly caused by lack of food supply and commodities for the coal miners.

Oil.

Supplies from the Grozni fields are limited owing to the lack of transport facilities. Land transport of oil from Baku to Batoum is also limited owing to lack of transport and also owing to political troubles. Some 4,000,000 tons of crude oil is in storage at Baku.

Economic Situation.

The lack of an organised food supply and the general dearth of all commodities is the cause of the critical labour situation amongst the railwaymen, coal miners and industrial workers, whose working capacity is reduced to one-third of their pre-war efficiency. Railway workers spend one-third of their time in travelling to obtain food; in

speculation to obtain extra money with which to buy food; or in some other occupation more highly paid than their regular job. All workers are short of clothing and commodities which are usually unobtainable though sometimes to be had at prohibitive prices. Commodities to the value of £500,000 are being supplied to the railway workers and a further £2,000,000 should be supplied in 1920/1921.

Transportation of Commodities for Export.

Transport for export will not be available until internal transport needs are met for such urgent matters as, food distribution from wheat areas to industrial areas, coal transport and oil transport, and above all the urgent military needs at the front and transport of military stores from the ports. Due to bad organisation these internal transport needs are still short as regards locomotive power and only with improved labour conditions and importation of locomotives can transport demands for export be met.

Labour conditions will improve immediately an organisation is in operation for the purchase, collection and distribution of food to the industrial areas, and this organisation must be combined with the importation of clothing and commodities.

Commodities for Export.

The harvest of 1919 has been abundant, the best for 20 years, and the area under cultivation in the Ukraine, the Kuban district and the Crimea is almost normal. From 500,000 to 1,000,000 tons of cereals will be surplus and available for export when transport facilities permit.

Help Expected From the Allies.

To obtain export of cereals from South Russia the following measures are necessary:—

- (1) An organisation for the purchase, collection and distribution of food in the industrial areas.
- (2) Importation of railway repair material to the value of £1,000,000 during 1920.
- (3) Importation of commodities for the railway workers and coal miners to the value of £2,000,000 during 1920 and 1921.
- (4) Purchase and immediate importation of 300 locomotives of the approximate value of £3,000,000.
- (5) Re-organisation of the existing locomotive repair shops and conversion of existing mechanical workshops into locomotive repair shops.

Foodstuffs & Raw Material for Export.

The following materials will be available for export when transportation facilities are improved:—

From 500,000 to 1,000,000 tons of cereals.

About 4,000,000 tons of crude oil.

“ 1,000,000 tons of petrol.

Sunflower-seed oil and allied products.
About 1,000,000 tons of manganese ore.
Tobacco, potash, wool and hides.

F. R. HULL
Colonel. R-E.

*Railway Adviser to the British Military
Mission with General Denikin in South Russia.*

LONDON, 13 November, 1919.

[4. REPORTS ON THE PORTS OF BERDYANSK, MARIUPOL, AND TAGANROG]

JULY 23, 1919.

BERDYANSK PORT

Channel.—Present depth 19 ft., silting is minimised by protective headland to east and south-east.

Entrance.—Between breakwater and end of Mole is 1400 ft. of anchorage in 24 ft. water over velvet clay.

Basin & Dockage.—Inside the mole is 1500 ft. of wharfage in 20½ ft. water and excellent shelter. On outside of mole 735 ft. of wharfage in 20 ft. water less protected.

Weather and Navigation Conditions.—Prevailing wind in winter from E. and S. E. Harbour fully protected by headland (see plan).⁸ Ice in harbour is rare, occasionally 3" to 4". Drift ice in channel unknown. Prevailing winter wind carries ice on shore farther N. E. Occasional winter fogs never sufficiently dense to interrupt navigation.

Harbour Facilities.—Quite undeveloped, no mechanical devices. Before the war ships of 3 to 5,000 tons regularly loaded grain here to 19 ft. and completed cargo by lighter or at deeper ports. Hand-loading from wagons on quay siding, 2000 tons in 4 days. Railway siding runs full length of mole, also along frontage. 123 wagons can be placed for unloading approximately 2000 tons.

Proposed Improvements.—Includes additional wharfage construction, as shown by dotted red line on plan. Adjoining the harbour is a power station, with 10 m/m power line already built to quay—has 3 Diesel engines, 2-cylinder direct coupled to continuous dynamos of 440 volts. Each engine develops 120 h. p. Also two small steam nets, single-cylinder vertical water tube boiler, belt driven dynamos, each engine about 50 h. p. in order, but not at present in use. Considerable floor space for any necessary extension. New harbour improvements will include electrically-driven conveyor. This scheme is of course indefinitely suspended.

Pre-War Export and Import.—Records lost or destroyed during Bolshevik regime. Export was almost exclusively local wheat of world-

⁸ None of the plans or enclosures mentioned are attached to file copy of these documents.

SUPREME ECONOMIC COUNCIL

famous quality. No extensive imports, principally harvesting machinery and commodities. At present exports and imports are negligible.

Wharfage Costs.—Grain in sacks, wagons to ship, $\frac{3}{4}$ to 1 kopeck per pood; today for any cargo handling 75 kopecks to 1 rouble per pood. Labour is very scarce.

Shed and Storage Capacity.—On the quay sheds of 30,000 poods each and 9 sheds of 10,000 poods each—total 570,000 poods. In Berdyansk town covered in storage for 2,000,000 poods of grain. Also on quay 2 open sheds 450' x 42' approx., space for 2,000,000 poods of grain, in sacks under tarpauline. These sheds, with railway sidings alongside, offer good accommodation for entraining, detraining, or packing of artillery (light or medium) or wheeled transport etc.

Railway Facilities. Railway sidings 7 versts, shown on both enclosed plans. Single line .06% gradient to Berdyansk main yard, 1½ versts with switch-back junction into main yard and storage sidings, single track north to Pologi, 110 versts and Chapline, 193 versts connecting east and west for all principal parts. Pre-war service to Ekaterinoslav 9 hours, Moscow 26 hours. Present traffic at Berdyansk one pair mixed daily, and an average of less than one pair daily of goods movement. This single line can handle 8 pairs per day satisfactorily.

Remarks. Berdyansk is a seaside resort with little sea-port development. It is however the only Azoff sea port that remains open all winter, having perfect shelter by its headland from the prevailing winter wind and drift-ice, also from silting. The concrete face on mole (red block line) has been completed during the war and increase quay-side depth by 2 to 3 ft. We can point out no other drawback to the usefulness of this small port than the absence of any floating or shore crane. The present suspension of grain export makes practically all wharfage railway and shed space available for any purpose.

Enclosures: Coloured plan showing existing harbour, with new concrete face in block red; also proposed harbour extension; plan allowing protective headland and channel required to reach 24 depth outside (14 versts) and to reach 22 ft. depth (10 versts 100 wagons) both plans show railway sidings.

F. H. W. Fox.

Capt. R. E.

Railway Advisory Staff

R. L. WHEELER

Capt. R. E.

Railway Advisory Staff.

JULY 21, 1919.

MARIUPOL PORT

Pre-war depth 24 ft., at present 19 to 20 ft. Channel and main entrance are approximately north and south, and the prevailing east wind in winter silts that channel 4 ft. to 7 ft. annually. One dredger working at present.

Entrance. Blocked at present by two small steamers *Tmutarakan* 400 tons and *Feodosia* 200 tons, sunk by Bolsheviks in the entrance, leaving only 65 ft. opening (see diagram of entrance). *Tmutarakan* is being slowly moved inside and clear of entrance, to be raised later. To-day a clear passage of 160 ft.; in ten days or two weeks when *Tmutarakan* is quite clear passage will be 240 ft., full width is 425 ft.

Weather & Navigation Conditions. Prevailing winter winds from E. and S.E. considerable fog in November and Dec. Harbour freezes in Dec. and is kept open by ice-breaker—heavy drift ice in packs in channel Dec. to February.

Dockage. Two basins, designated grain basin and coal basin, each ordinarily navigable to 24 ft., now navigable to 22 ft. everywhere. Grain basin 2800 ft. wide, with 730 ft. wharfage on quay dividing the two basins, also a landing pier (No. 3) 375 ft. long. Coal basin 2835 ft. wide with a total wharfage of 4200 ft. All details are shown on plan, which also shows the repair basin, not yet completed for commercial use.

Harbour Facilities. For coal export:—Steel gantry with steam-driven cable (I on plan) clutch bucket trolleys 62 to 63 poods capacity 65,000 to 75,000 poods in 12 hours.

Wooden gantry with steam driven cable (III on plan) small clutch-bucket trolleys, 30 poods hand-propelled from top of incline, and hand-tipped, capacity 60,000 in 24 hours.

Two Howe and Barry (?) coal elevators (V & VI on plan) for 1000 pood open wagons only, capacity 8 to 9 wagons per hour each. (Claimed these two together loaded 7,000,000 to 10,000,000 poods per year before the war).

For grain export:—No mechanical devices, all hank-loaded in 3-pood and 5 pood sacks (and sacks emptied) wagon to ship or shed to ship.

Other facilities:—

One 30-ton Hydraulic crane (VII on plan), serviceable, but high pressure joints need renewing.

One 40-ton lighter Derrick, from which some parts have been taken, but no extensive damage done.

Six 1½ ton Electric Cranes, not in order.

In the Government Scheme a power station has been completed and is ready to deliver continuous current, but none of the present dock facilities are adaptable. Power station has two 500 h. p. steam turbines, and is at present lighting the town of Mariupol.

Shed & Storage. Closed storage for 2,000,000 grain—of this 600,000 is Ekaterininski Rly., 1,000,000 private interests and 400,000 is Govt. docks accommodation. The quay dividing the two basins has 3 large open sheds (with 3 more proposed), with railway sidings, quite suitable for an artillery or transport park etc., and convenient for entraining and detraining.

Pre-War Export & Import.

<i>Export</i>	<i>Coal</i>	<i>Grain</i>	<i>Other</i>
1909	65,071,301	25,169,580	11,930,261
1910	66,057,425	30,158,160	6,945,224
1911	69,620,049	24,101,841	14,551,093
1912	71,810,638	19,727,768	6,708,138
1913	64,120,939	20,025,148	8,376,520
1914	53,854,408	6,072,416	3,902,415
1915	17,457,756	93,352	1,013,538
1916	18,760,224	.....	.....
1917	18,476,068	.....	.....

Totals for other exports than coal not available for 1916/17, but were practically negligible. The coal export for 1916/17 was principally for the Russian Black Sea Fleet.

<i>Import</i>	<i>Coal</i>	<i>Grain</i>	<i>Other</i>
1909	.....	.....	15,963,211
1910	.....	.....	18,062,674
1911	.....	.....	18,259,784
1912	.....	149,190	22,275,746
1913	3,688,922	141,133	20,610,921
1914	537,604	895,329	17,548,198
1915	.....	4,609,624	7,650,866
1916	.....	.....	.....
1917	.....	.....	.....

Above all available information on imports, other totals lost or destroyed during Bolshevik regime.

Note:

The principal "Other" exports were iron, chalk and timber;
" " " imports harvesting and industrial machinery, commodities, textiles, etc.

Present Coal Traffic: 60,000 to 85,000 poods per week, for British and Russian Naval forces. (Best weeks before the war 1,850,000 to 2,000,000.)

Present Wharfage Costs:

	per pood	30 kopecks	
Steam coal	" "	50 "	
Anthracite	" "	60 "	
Briquettes	" "	26 "	
Grain in sacks, Wagon to ship	" "	52 "	
" sheds	" "	30 "	
Bulk grain, wagon to ship	" "	70 "	
" sheds	" "		

Railway Facilities & Connections: In the harbour are 42 versts of railway lines, clearly shown on plan; arrangement of lines is for the two principal exports, but at present offer considerable idle space for any purpose. Double-track connection at water level from port to Mariupol town depot, 4 versts, with double track north to Yusove connecting point for lines through Donetz Coal Basin, and all direction on Ekaterininski Railway Main lines.

Remarks: Harbour plan also shows in outline an extensive scheme for enlarging the harbour to the south-west, also for developing the repair-basin, as also proposed to equip the docks with electrically-driven conveyors, etc.

The scheme is now indefinitely suspended.

Enclosures:

Blue-print plan of Mariupol Port.

" Entrance, showing obstructions and removal operations.

Blue print sketch of harbour and river-mouth, with navigation lights.

Details in Russian of navigable depth of channel, present obstructions at entrance, equipment of dredgers, lighters, cranes, etc., and a history of the harbour development and proposals. Tabulated information from Ekaterininski Rly. Station master at Harbour, showing export and import particulars from 1909, and including the totals and percentage handles through Ekaterininski Railway's facilities, also cost of handling etc.

F. H. W. Fox,

Capt. R. E.

Railway Advisory Staff.

R. L. WHEELER,

Capt. R. E.

Railway Advisory Staff.

ROSTOFF-ON-DON, July 31, 1919

JULY 30, 1919.

TAGANROG PORT

Channel. Nominal depth 12 ft., to-day with R. Don flowing full and S. E. wind—14 ft.

Entrance. 399 ft. wide, channel approach from south, entrance is from E. S. E.

Weather & Navigation Conditions. Prevailing west wind (see diagram No. 3). The harbour freezes as early as November 16th, or as late as December 15th old style. Average thickness of ice in harbour 8 ins., maximum 12 ins. River drift-ice has been observed as early as October 27th (o. s.). Navigation usually re-opens end of April.

Average duration of navigation 8 months 10 days. In autumn, with the river low, a N. and N. E. wind will drive all water out of the basin and channel to a distance to 10 versts.

Dockage. Three basins separated by moles, nominal water depth 12 ft. New basin 1540 ft. x 770 ft. Petrovski basin 1050 x 644 ft. Repair basin 1496 x 700 ft. The new basin is the outside basin forming a half circle and clear off the road its useful area is about 400,000 sq. ft. Has a 774 ft. long quay of which about 280 ft. is occupied by a coaling crane, refuse pits etc. This is known as the coaling quay. The Petrovski basin has on one side the Crown Quay 644 ft. long and the Form Quay 1050 ft. The grain shortage sheds adjoin its main frontage. The repair basin has a comparatively narrow quay 1496 ft. along its main frontage. On page 12 of prospectus herewith is a detailed statement of the areas and loading capacities of the various moles and quays. The whole area of the harbour territory is approximately 600,000 sq. fathoms and the 1914 distribution was as follows:—

Used by private firms, connected with Offices and workshops	10,285	sq. fathoms
Occupied by Railway Lines and buildings of Ekaterininski Rly	11,004	do.
Occupied by different stone and brick buildings	4,010	do.
Occupied by quays and different roads . . .	18,600	do.

Harbour Facilities. Other than the coaling crane no mechanical devices for loading or unloading. The prospectus shows that in 1914 two 10-ton cranes were removed from this port to Archangel and not replaced. 25 of the special shallow draft Azoff Sea steamers (70,000 to 80,000 poods each) can be accommodated for loading at once. Before the war 400 waggons per day of grain were unloaded by hand labour direct from ships.

Sheds and Storage. For coal export eight sheds capacity 480,000 poods. For grain export nineteen sheds and one roofed platform of a measured capacity of 1,845,000 poods. Private shed capacity of 2,168,000 poods, principally on Petrovski basin, and for the storage of grain arriving by road etc. in the town are 73 sheds with a storage capacity of 6,673,000 poods. For storage of kerosin the Nazut Society, Ltd. has 6 cisterns of a capacity of 73,200 poods

Pre-war export and import for the year 1914.

EXPORT

Wheat	48,152,460	poods
Barley	26,096,770	"
Rye	11,504,880	"
Oilcake	1,343,800	"
Other agricultur. produce	1,451,910	"
<hr/>		
[Total]	88,549,820.	

IMPORT

Oranges and lemons	320,774	poods
Tanning materials	144,861	"
Salted hides	92,709	"
Turkish peas	46,349	"
Other imports	31,658	"

Total 636,351 poods

Fuller details of exports and imports on pages 32 and 33 of the prospectus.

Present Wharfage Costs. Grain, wagon to ship, $\frac{1}{2}$ kopeck per pood pre-war; now 56 kopecks per pood.

Railway Facilities. Single track 3,286 versts of railway connecting harbour with Taganrog Station. Gradient approx. 8% to 1%. In the port are 11,947 versts of sidings, clearly shown on enclosed plan.

Remarks. Grain export is at present quite suspended and storage space quite empty excepting a small amount of military stores. Coal export from this port had been discontinued before 1914. Grain and other export was also falling off, according to the 1914 prospectus. Presumably traffic was being withdrawn in favour of ports with more dependable navigation conditions.

Enclosures. Prospectus (in Russian) giving full details of export and import traffic for 1914 with weather and water depth in channel and quay-side, etc., large coloured plan of Taganrog port and channel entrance with key.

F. H. W. Fox,
Capt. R. E.

Rly. Advisory Staff.

R. L. WHEELER,
Capt. R. E.

Rly. Advisory Staff.

ROSTOFF-ON-DON, July 31, 1919.

[5. LETTERS AND REPORT]

Economic Reconstruction of the South Russian Railways: Letter From Minister of Railways Asking for Loan of £20,000,000—Report on the Proposed Loan of £20,000,000—Memorandum on the Proposed Credit—13/15th September, 1919

Translation

ADMINISTRATION OF WAYS AND COMMUNICATIONS,
ARMED FORCES, SOUTH RUSSIA.

G. O. C. B. M. M.
South Russia.

YOUR EXCELLENCY: The Administration of Ways and Communications begs to express its most sincere thanks for the powerful and generous assistance given by H. M. Government.

In the work of improving the Ways and Communications in South Russia it is quite clear that without such an assistance the transport could not be repaired, while it is of great importance in the matter of attaining the end of defeating the Bolsheviks, and creating a united Russia.

With regard to this fact a Railway Mission with Eng. Dournovo at the head, was sent abroad in the end of 1918, in order to obtain the most important materials and spares for a part of Russian Railways. Unfortunately there was a great delay in receiving news, and only very recently, viz. in the beginning of August, the Administration of W. and C. received a telegram through the Russian Chargé d'Affaires, Mr. Nabokov (ref. number 482, dated 10/23rd July 1919) and a letter from Colonel Hull, the Railway Adviser of the British Railway Mission, dated August 8/21, 1919, advising us that the British War Office has granted a credit of £500,000 to acquire a very small number of not more than 1/15 (?) of required objects, which were listed in a schedule composed by Dournovo's Mission and left in London with one of its members.

It appears that the railway supplies for this sum of money will soon be received here and distributed among the railways. However the amount is a mere trifle compared with the most urgent needs.

From the information which you have sent to General Denekin, the Administration of W. & C. was very pleased to learn that £5,000,000 worth of supplies had been despatched to Russia by H. M. Government. However having no direct information from our own agents in London and being afraid that such nice news may be a misunderstanding, the Adm. of W. & C. considers that it is its duty to point out again that all the railway material listed in the Schedule composed by Dournovo's Mission represents an insignificant minimum of the needs which grow in accordance with the extension of the railway network, while the condition of the railways may become catastrophic.

Considering your kind advice on the question of a possible credit on behalf of H. M. Government, necessary for the maintenance of Russian Railways, the Adm. of W. & C. begs your kind assistance in obtaining a credit of twenty million pounds sterling in order to purchase spare parts and materials etc. listed in the schedule as well as 1,000 locomotives and 10,000 trucks.

If H. M. Government has already granted a credit of £5,000,000 as General Denekin was informed, the credit applied for must be diminished accordingly.

I must add that the schedule mentioned deals with the most urgent needs and only a very limited number of the Russian Railways. With the expansion of the railway network which has to be dealt with by

the A. F. S. R. the necessity for railway materials grows accordingly; moreover the railways taken over by the A. F. S. R. come under the administration in a most destroyed condition.

The administration of W. & C. will have the honour to present their new report as soon as the needs of the railways which were lately taken over, will be clear.

Meanwhile I beg to request your kind assistance in satisfying the above request.

Will you kindly inform me as soon as the result will be attained so that I could report to the C. in C.

ARCHENKO.

Engineer.

Minister of Ways and Communications.

THE SECRETARY, COMMUNICATIONS SECTION,
Supreme Economic Council, Paris.

SOUTH RUSSIAN RAILWAYS

Reference my T/139/2 on Economic Reconstruction and proposed loan of £20,000,000 sent with my T/140/1 of 14th September, I beg to enclose translation of the letter sent by the Minister of Ways and Communications.

Also re proposed credit of £20,000,000 it should be noted that £10,000,000 may be provided by the American Government if locomotives are supplied through them as suggested in our telegram to Troopers of 25th July 1919.

The item of £5,000,000 as noted in paragraph 6 of T/139/2 for reconstruction of railway locomotive work shops will be spread over a period of 5 or 6 years.

Thus the proposed credit required will be about four or five millions only as arrangements have been sanctioned or made for the two sums of £500,000 as noted in paragraphs 1 and 2.

F. R. HULL

Colonel R. E.

*Railway Adviser to the
British Military Mission.*

TAGANROG, 15 September, 1919.

HEADQUARTERS, BRITISH MILITARY MISSION
TAGANROG.ECONOMIC RECONSTRUCTION. SOUTH RUSSIAN RAILWAYS. PROPOSED
LOAN OF £20,000,000 TO A. F. S. R.

With reference to Major General Holman's letter No. I. P. 1294, dated 14th August 1919, to General Denikin, and further correspondence with the Ministries of Finance and Ways and Communications concerning a proposed loan of Twenty million sterling, I have to report:—

1. H. B. M. Government has sanctioned the supply of railway repair material to the value of £500,000. This material has been indented for and the first deliveries, diverted from Trans-Caucasia, are expected per S. S. *Amasis* (Ref. W. O. tel. 25376).

2. H. B. M. Government has entered into an agreement with Messrs. Wm. Higgs & Co. whereby this firm delivers to General Denikin, commodities for the use of the railway workmen. It is understood the £500,000 worth of commodities will be supplied (Ref. W. O. telegram 78008 June 4th). The first consignments are now shipped to Novorossisk.

3. Additional railway material to the value of one million sterling, and one thousand locomotives, valued at about ten millions sterling, were asked for in telegram despatched to the War Office on 7th September.

4. Additional commodities to the value of two millions are still required and will complete the total of the materials listed on the Durnovo indent. (See section 2 of Col. Hull's Report on Russian Railways, forwarded March 4th).

5. I am not quite in agreement with the demand for the supply of 10,000 new railway wagons, as I consider that the large number of wagons now awaiting repair can be put into traffic with improved labour conditions and organised repair work. Instead of sanctioning a credit for the supply of new wagons, I would suggest a credit of one million sterling for wagon repair material, and machinery etc. for additional wagon repair shops.

6. No scheme for the reorganisation of Russian railways would be complete unless provision is made for additional locomotive repair shops. The conclusion of the Bolshevik war will leave Russia with some 10,000 locomotives awaiting repair. The pre-war capacity of existing locomotive repair shops was 3,500 locomotives yearly and was inadequate. The conditions now are infinitely worse. A credit of Five millions sterling is therefore required for the provision of about six new locomotive repair shops and for the reorganisation of existing shops.

7. I have therefore to recommend that a credit of Twenty millions sterling is necessary for the reorganisation of the Russian railway system, made up as follows:—

1. Railway material indented for	£500, 000
2. Communications ex Wm. Higgs and Co.	500, 000
3. Additional railway material Co., One thousand locomotives	1,000, 000 10, 000, 000
4. Additional commodities	2, 000, 000
5. Wagon repair material and machinery	1, 000, 000
6. New Locomotive repair Workshops	5, 000, 000

Total : £20, 000, 000

Certainly one third and perhaps one half of this credit would be in the form of British machinery, manufactures and material.

8. The terms and conditions of the credit should define that it would be secured on the revenues and receipts of the State Government and other railways, the security of which is good. Also that the British Government should supply at the cost of the Russian Government, such expert advisers as are considered necessary for the reorganisation of the railway system, such advisers being endowed with adequate powers.

F. R. HULL

Colonel, R. E.

Railway Adviser to the
British Military Mission

TAGANROG, 13 September, 1919.

Appendix 305

[*Letter From Mr. Gerald Spicer of the British Foreign Office to the British Council Officer, Supreme Economic Council*]

FOREIGN OFFICE, November 15, 1919.

SIR : With reference to the forthcoming meeting of the Supreme Economic Council in Rome on the 22nd instant, I am directed by Earl Curzon of Kedleston to transmit herewith copy of a letter from Mr. James Malcolm with enclosures from Boghos Nubar Pasha, relating to the situation of the Armenians in the Caucasus.

While Lord Curzon understands that the Relief Funds at the disposal of the Supreme Economic Council which could properly be applied to purposes of Armenian relief are exhausted, His Lordship considers it in the highest degree desirable that the urgent necessity of doing something to succour the Armenians in the Caucasus, of whom there are understood to be 300,000 refugees from Asia Minor alone in addition to the Armenian inhabitants, should be brought to the attention of the Supreme Economic Council.

Lord Curzon would point out that the destitute condition of these unfortunate people is to a large extent the consequence of the regrettable though unavoidable delay in the conclusion of peace with Turkey which prevents the re-establishment of settled conditions throughout Anatolia, which on humanitarian grounds, cannot be exaggerated, and the responsibility for which must to some extent be borne by the Allies themselves.

I am [etc.]

GERALD SPICER

[Enclosure]

58 LOMBARD STREET,
LONDON, E. C. 3, Nov. 8, 1919.

UNDER SECRETARY OF STATE FOR FOREIGN AFFAIRS,
Foreign Office, Downing Street, S.W.1.

SIR: I have the honor to enclose herewith copy of letter I have received this morning from H. E. Nubar Pacha giving particulars of his interview with Colonel Haskell. Colonel Haskell's views are doubtless already known to you but they indicate such a serious prospect in Armenia that I venture to express the confident hope that His Majesty's Government will once more extend their generous assistance to avert the calamity with which such a vast number of Armenians are still threatened.

I have [etc.]

JAMES A. MALCOLM

[Subenclosure]

ARMENIAN NATIONAL DELEGATION,
12 AVENUE DU PRESIDENT WILSON,
PARIS, November 6, 1919.

DEAR MALCOLM: I had today a very important conversation with Colonel Haskell, who expects to return to the Caucasus after handing in his report to the Conference, so as to be there before the end of the month. He does not think there is any reason to fear an attack of the Turkish forces of Moustapha Kemel during the winter. But he asks for equipments to clothe 20,000-30,000 Armenian troops who are defending the frontiers. These troops, which are ill clad, would not be able to endure the cold and would be compelled to abandon the frontier line and take refuge in the towns if they were not supplied with warm clothing.

Colonel Haskell also asks that the supply of 7,000 tons of flour which has been delivered each month thanks to Hoover's administration, and which is to come to an end owing to lack of funds, may be continued until the harvest next August. These 7,000 tons are at present supplying the 300,000 refugees from Turkey and a considerable part of the population. There are only sufficient supplies left

for one month, and if some means of continuing deliveries is not found, the result will inevitably be a famine and the extermination of 700,000 more Armenians. The matter is extremely urgent. He has telegraphed to America to give information of the gravity of the situation and to request that immediate steps may be taken. He has also asked us to telegraph and Aharonian and I at once sent very urgent telegrams.

Colonel Haskell undertakes to receive all clothing and other articles purchased with the funds obtained from the Antranik subscription, and to have them distributed to the refugees under his personal supervision. All packages must be addressed to him exactly thus:

Colonel Haskell,
Near East Relief,
Batoum.

This address is very important as everything addressed either to private persons in the Caucasus or to the Government of the Armenian Republic is held up at Batoum by the Georgians and does not reach its destination. It would also be well to advise Major MacSweeney in advance of each new despatch. Major MacSweeney is Colonel Haskell's agent at Batoum.

Yours [etc.]

BOGHOS NUBAR

Appendix 306

Statement of the French Delegation [Regarding] Relations of the Supreme Economic Council With the League of Nations and the Reparation Commission

On the 30th August 1918 Lord Robert Cecil made a proposal in London for the constitution of a Great Inter-Allied Economic Council and the French Government concurred in this proposal. Nevertheless this council was not constituted at that time; the Allied Maritime Transport Council filled its place as far as possible. The French delegation is happy to see at this conference Mr. Salter who has been the mainspring of the A. M. T. C. in concert with Professor Attolico and M. Jean Monnet.

Before the Armistice, the French Government had declared its concurrence in the proposal to adapt to the necessities of the Armistice period the functions of various inter-Allied organizations. Unfortunately these proposals bore no fruit until the arrival of President Wilson when it was possible to constitute first the Superior Council of Supply and Relief and then the Supreme Economic Council.

After the Treaty of Peace had been handed to the Germans, a certain opposition to the continuance of the Supreme Economic Council manifested itself in certain quarters; the French Government demanded the continuance of the Council and finally on the 28th June a decision was taken by the Supreme Council recognising the necessity for continuing international consultation in economic matters until such time as the council of the League of Nations should be able to proceed with the examination of the economic situation.

As a result of this decision the draft of a Council no longer inter-Allied but international was prepared by the Supreme Economic Council. This proposal has not yet received the support of the American Government with the result that up to now no more has been done than simply to maintain the Supreme Economic Council.

The French Government is persuaded that inter-Allied economic co-operation must be continued. Such also is the opinion clearly expressed by the French Parliament.

The methods by which this co-operation is to be assured must naturally undergo certain modifications from the moment when the Peace Treaty entered [*enters*] into force. At that moment large inter-Allied or international organisations will come into being, among them the League of Nations and the Reparation Commission.

The French Government accordingly considers that the moment has come to consult the other delegations on the question of the relations of the Council with these new organizations.

Appendix 307

Note by the French Delegation [Regarding] Relations Between the Supreme Economic Council and the League of Nations

The French Delegation proposes to invite the Supreme Economic Council to consider the following questions:—

Which of the functions of the Supreme Economic Council resulting from the decisions of the Supreme Council of February 8th, 12th and 21st and of June 28th 1919 are intended to be continued after the coming into force of the Treaty?

To what extent does the Supreme Economic Council maintain, after the Armistice period, its functions relative to the provisioning of enemy countries? What will be its relations with the Reparation Commission?

Do the Inter-Allied organisations and in particular the recent Food Supply organisations (Consultative Food Committee etc.) remain subject to the authority of the Supreme Economic Council?

Is the Supreme Economic Council to continue the mission entrusted to it by the decision of the Supreme Council of June 28th? Does this decision continue to have the same force now that the American Government has resolved not to maintain its representation on the Supreme Economic Council?

What attitude should be taken by the Supreme Economic Council after the constitution of the Council of the League of Nations and what will be its relations with the latter?

To what extent should the communication made by the American Government to the Reparation Commission (B. 148) influence its attitude? Although it does not consider it desirable to maintain the Supreme Economic Council, the American Government has no objection to the institution of a General Economic Commission attached to the League of Nations.

Nov. 15. 1919.

Appendix 308

Résumé of Mr. Salter's Remarks on the Relations of the Supreme Economic Council With the League of Nations and the Reparation Commission

Mr. Salter reminded the Council that his remarks were not offered in the capacity of a British subject but from an international standpoint. He was, of course, unable to speak officially on behalf of the League of Nations since the League did not formally exist. There were, however, one or two considerations which he might recall to the attention of the Council.

The League of Nations would come formally into existence with the deposition of the ratifications of the Treaty by three of the Great Allied Powers; the first meeting would be a meeting of the Council of the League. Mr. Salter remarked that the constitution of the Council of the League was on a somewhat wider basis than that of the Supreme Economic Council, a non-allied nation (i. e. Spain) being represented upon it. The Council itself was obliged first to deal with the important political questions entrusted to it, e. g. the questions of Danzig and the Sarre basin, but it was probable that at an early meeting it would find it necessary to discuss the economic responsibilities of the League. As regards these economic responsibilities, it might be said in a general way that under its constitution the League had obligations to carry out some of the functions at present performed by the Supreme Economic Council, while it had the opportunity to extend further its sphere of competence. Mr. Salter instanced the question of the economic weapon against recalcitrant members of the League and also that of securing equal opportunities of commerce for

all nations and freedom of transit for commerce. Speaking personally, Mr. Salter could not conceive it possible that certain of such functions could be effectively performed without some form of organisation offering opportunities for direct discussion between the economic ministers of the various countries concerned. While it was clearly necessary that the new form of organisation should be established upon a wider basis and that it should be in some sense part of the organisation of the League, it was not necessary that it should be so closely attached to the League as to interfere with its independence of deliberation or even of action. Mr. Salter quoted the instance of the labour organisation established under the auspices of the League, the freedom of whose action was not restricted as the result of its affiliation to the League.

Mr. Salter considered it of the greatest importance to call attention to some of the difficulties with which the Council of the League would be faced if it attempted to consider the economic responsibilities of the League. If the Council were to deliberate on the establishment of an international economic Council to be set up before the first meeting of the assembly of the League, it would be immediately faced with the difficulties presented by the existing political conditions in the United States. In these circumstances, it was possible that it might be convenient to the League if the Supreme Economic Council were to continue temporarily in existence in order that some form of international co-operation should be continued. It was quite possible that when the Council first met it would feel that, in view of the political situation, it could not enter upon any more ambitious policy of co-operation than that embodied by the Supreme Economic Council, but if the Council thus postponed a definite decision it was also possible that later the march of events might confront the Council with a situation offering no alternative but immediate action. The economic situation of Europe at the beginning of the winter of 1919/20 was already grave. The Council had already had experience of two of the most serious problems in the cases of Austria and Armenia. The situation was likely to be more serious at the end of the winter when the harvests of the previous autumn would be exhausted. Should the Council of the League find itself faced with such an urgent situation in the early spring of 1920 it was in the highest degree important that there should be in existence an international body ready and able to shoulder the immediate burdens imposed by the economic situation. The temporary prolongation of the existence of the Supreme Economic Council might ensure the existence of such a body.

Mr. Salter reminded the Council of a striking instance of the effects produced by the lapse of continuity in the economic organisation of the

Allies. In November 1918 the Allied Maritime Transport Council, having regard to the economic situation of Europe, proposed to the various Governments that an Interallied Economic Council should be established. In consequence of certain dissensions to this view there was a delay of three months in the establishment of this body. The result of this delay was (1) that all German sea-going tonnage was immobilised for this period and (2) that as a result of this immobilisation the supply of foodstuffs to Germany was begun in April instead of in February, with political, economic and industrial results with which all the members of the Council were familiar.

The above was an instance of the effect of a lapse in organisation in the period between war conditions and Armistice conditions. Mr. Salter warned the Council against a repetition of such a lapse in the interim period between Armistice conditions and Peace conditions. In this connection he paid tribute to the attitude adopted by the French Government in all these questions on inter-Allied co-operation.

Finally Mr. Salter made four suggestions:

1. That the Supreme Economic Council should be continued until it was transformed into, or replaced by, a new economic body under the auspices of the League of Nations.
 2. That the Supreme Economic Council should in the meantime occupy its time in obtaining possible information on the economic state of Europe calculated to facilitate the work of the new economic body.
 3. That the Supreme Economic Council should, in order to facilitate more ambitious action if that should prove necessary, take all possible steps to prepare the public mind by means of a much greater publicity than that hitherto attempted by the Council.
 4. That, with a view to obtaining the last two of the above objects, the Permanent Committee of the Supreme Economic Council should act in the closest liaison with the economic section of the League of Nations.
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Appendix 309

Inter-Allied Scientific Food Commission: Resolution and Proposed Agreement Concerning the Creation of an International Scientific Food Commission, Approved by the Commission, Brussels, May 1919

BRUSSELS MEETING, MAY 22/26, 1919

The Sixth Meeting of the Inter-Allied Scientific Food Commission was held in Brussels at the Palais des Académies on May 22nd/26th, 1919.

The First Meeting was opened by M. Wauters, Minister of Industry, Labour and Food assisted by M. Breuwer, his Secretary.

The delegates who were present at this meeting were :—

American Delegation :—

Dr. Dana Durand, representative of the U. S. Food Administration, Professor of Political Economy at the University of Minnesota.

Dr. Alonzo Taylor, Private Secretary to Mr. Hoover, Director General of Food Supplies, Professor of Physiological Chemistry at the University of Pennsylvania.

British Delegation :—

Dr. E. Starling, Professor of Physiology at University College, London, President of the Food War Committee of the Royal Society.

Belgian Delegation :—

Dr. H. Rulot, Inspector of the Health and Hygiene Department of the Ministry of the Interior.

Dr. Slosse, Professor of Physiology at the Solvay Institute.

M. Gregoire, Director of the State Agronomical Station at Gembloux.

M. Gaspard, Director General of Home Produced Foodstuffs at the Ministry of Food.

French Delegation :—

Dr. E. Gley, Professor at the College de France, member of the Academy of Medicine.

Dr. J. P. Langlois, Professor of the Faculty of Medicine of Paris, Member of the Academy of Medicine.

M. G. Wery, Agronomical Engineer, Director of the National Agronomical Institute, Member of the Academy of Agriculture of France.

Italian Delegation :—

Sig. A. Manozzi, Director of the School of Agriculture at Milan.

Dr. Fil. Bottazzi, Director of the Physiological Institute of the Royal University of Naples.

Sig. C. Gini, Professor of Statistics at the Royal University of Padua.

Also present :—

Permanent Central Secretariat of the Commission :—

M. J. Alquier, General Secretary of the Scientific Society of Alimentary Hygiene, Head of the Permanent Central Secretariat.

Attached to the British Delegation :—

Mr. J. H. Gorvin, Director of the Requirements Allied Food Council, Head of the National Secretariat.

Attached to the Italian Delegation :—

Sig. H. Scheggi, Deputy Head of the National Secretariat.

RESOLUTION ADOPTED AT THE MEETING OF MAY 22ND, 1919

In consequence of the conclusion of Peace, the Inter-Allied Scientific Food Commission which was founded to give information to the

Associated Governments on all questions concerning the food supply which arose owing to the state of war, naturally ceases to exist.

The organisation which was set up for the work of the I. S. F. C. will, therefore, be dissolved immediately after the publication of the minutes of the meetings and, in general, of all the work of this Commission is completed. This publication should be completed in the last quarter of the current year.

After this period, the Associated Governments will not be called upon to make any expenditure for the I. S. F. C.

The delegates present at the Brussels meeting, in conformity with a resolution adopted at the Rome-Naples meeting held in December 1918, have decided once more to draw the attention of the various Associated Governments to the utility of preserving an International Institution entrusted with the duty of setting up scientific relations between the various organisations which investigate food questions.

The duties of this institution would be:—

(1) To study the production and distribution of foodstuffs for men and animals.

(2) To collect scientific and statistical information concerning the food requirements of man under various conditions of age, sex, work and climate, and according to social conditions, as well as information on the relation between diseases and insufficient nourishment as regards quality and quantity.

(3) To fix the chemical composition and calorific value of foodstuffs.

(4) To spread and popularise all information concerning the better utilisation of natural resources for the human food supply.

The proposed International Organisation would, as far as possible, make use of already existing institutions founded for any of the above mentioned aims, or any other aim which may be proposed. It will co-operate with any such institutions.

PROPOSED AGREEMENT CONCERNING THE CREATION OF AN INTERNATIONAL SCIENTIFIC FOOD COMMISSION, PRESENTED BY DR. RULOT, BELGIAN DELEGATE, REPORTER, AND M. ALQUIER, HEAD OF THE CENTRAL PERMANENT SECRETARIAT, ADOPTED AT THE MEETING OF MAY 23RD, 1919*

The Under-signed Governments considering it desirable to substitute for the Inter-Allied Scientific Food Commission a Permanent

*The I. S. F. C. decided unanimously at its meeting of May 22nd, 1919, that this proposal should be presented by the different delegations to their respective Governments for examination and eventual action. [Footnote in the original.]

Inter-national Scientific Food Commission, have resolved to conclude an agreement for this purpose and have decided on the following provisions:

AGREEMENT

Article I

The Contracting States with the purpose of co-ordinating and furthering the progress of all sciences relating to food and of facilitating their practical application, undertake to set up and to maintain at the common expense an Inter-national Scientific Food Commission with its seat at . . . †

Article II

This Commission, which the Contracting States recognise, as the Inter-national official centre of Scientific investigations and research on food, shall:

- (a) Collect and study all information, whether scientific, practical or administrative, concerning on the one hand the feeding of human beings, and on the other, the production and distribution of foodstuffs.
- (b) Deliberate on the unification of scientific methods of investigation and research concerning the production and utilisation of foodstuffs, as well as on the choice of a system of units, allowing of the comparison of scientific works bearing on questions of food.
- (c) Encourage experiments, systematic researches, and enquiries in the Contracting States; institute missions of investigations.
- (d) Contribute with the assistance of the competent Administrations, Institutions and Associations to the development and popularisation of applied sciences concerning food and to make all necessary publications for this purpose.
- (e) To put the Contracting States in a position to take advantage of the practical results achieved by science, so that each of them can, in complete independence and at such time as it thinks fit, take any measures which may be considered desirable in the general interest.

The resolutions of the Commission are in no way binding on the participating States.

Article III

Each participating State is represented on the Commission by one or more delegates chosen by itself.

These delegates are assisted by a National Secretariat.

†The I. S. F. C. at its meeting of May 23, 1919, fixed on Brussels as the provisional seat of the Permanent Inter-national Scientific Food Commission until the League of Nations, to which it appeared that the proposed Commission might be attached, should have entered upon its functions, [Footnote in the original.]

Article IV

A Permanent Central Secretariat, having its seat at . . . is entrusted with the maintenance of close contact between all administrations, institutions and associations, pursuing the same ends as the Commission.

It acts under the direction and in the name of the Commission.

Article V

In order to co-operate usefully in the work of the Commission, the participating States which have no National Scientific Service of investigation and research on food undertake to set up, or organise, such a service.

Article VI

The French language is adopted for the minutes and publications of the Commission, but the latter may authorise the translation of its publications into other languages.

Article VII

All communications between the Commission and the Governments of the Contracting States shall take place through the Permanent Central Secretariat and the National Secretariat set up by Articles III and IV.

Article VIII

The contracting States shall at the beginning of each year pay their share for expenses to the Permanent Central Secretariat.

Article IX

States which have not signed the present agreement may later be admitted to it if they so desire, on condition, however, that they form part of the League of Nations or that their request be accepted, on the proposal of the commission, by a two-thirds majority of the Signatory Powers.

Article X

The present agreement is concluded for a period of 15 years.

At the expiration of this period it will remain in execution for another period of 15 years, except for States which, a week before the end of the period, have notified their intention of ceasing to apply it as far as they are concerned.

Article XI

A set of regulations is attached to the present agreement.

ATTACHED REGULATIONS
COMPOSITION OF THE COMMISSION

Article I

Each contracting State notifies the other contracting States, as well as the Permanent Central Secretariat, of the decisions appointing its delegates the head of its delegation and the head of its national secretariat.

Article II

A State shall not appoint as its representatives on the Commission more than four delegates who shall be specialists in questions of food and food production.

Article III

The delegates, the Director of the Permanent Central Secretariat and the heads of the National Secretariats, set up by Articles III and IV of the agreement, have alone in principle the right to take part in the work of the Commission. Persons however, whose scientific collaboration may be recognised as useful by the Commission, may be consulted and may be present at meetings.

ADMINISTRATION AND WORKING OF THE COMMISSION

Article IV

The Commission acts under the direction and control of a permanent bureau, chosen from among its members by secret vote.

The bureau is composed of a President and four Vice-Presidents.

The President and Vice-Presidents are elected for three years and are re-eligible.

The Director of the Permanent Central Secretariat fulfils the functions of Secretary to the Commission. He takes part in deliberations with a Consultative voice.

The nominations of members of the bureau and of the director of the Permanent Central Secretariat are notified to the Contracting States by the Ministry of Foreign Affairs of . . . (the country in which the Commission sits).

Article V

Each contracting State, whatever may be the number of its delegates, has, for nominations by secret vote and for votes concerning international questions, or internal questions affecting the Commission, a fixed number of votes, as well as a fixed number of contributive

shares to pay, according to the two following progressions in proportion to the number of its population:

<i>Group</i>	<i>Population in millions</i>	<i>Number of votes</i>	<i>Number of contributive shares</i>
1	Over 20	5	10
2	15 to 20	4	7
3	10 to 15	3	5
4	5 to 10	2	3
5	Under 5	1	1

Article VI

If a contracting State wishes to extend the benefit of the agreement to one or more of its non-autonomous colonies the number of votes and contributive shares to be attributed to it, shall be fixed according to the number of its total population, including that of the said colonies.

All autonomous colonies are regarded as States.

Article VII

Nominations by secret vote, votes concerning international questions and internal questions affecting the Commission, are made by delegation in the alphabetical order of the names of the States, each delegation disposing only of the number of votes fixed by Article V of the present regulations.

The decisions of the Commission are made by a majority of the votes of the States which are present or represented, on condition that the number of votes is equal to, at least, one-half plus one of the total votes belonging to all the contracting States.

When a State is unable to send a representative to a meeting of the Commission, it is allowed to authorise the representative, or representatives, of another State to dispose of the number of votes allotted to it by Article V of the present regulations. The Commission receives the authorisations of this delegation of votes.

Article VIII

The President of the Commission, or the member of the bureau acting as his deputy, convokes the bureau on dates fixed in advance by the latter or in the case of necessity.

The resolutions of the bureau are made by a majority of the members present. A proportion of three out of five is needed to form a quorum. If this number is not reached, the bureau will be convoked again after at least a fortnight and its deliberations will then be valid, whatever is the number of members present.

In case of an equal number of votes, the President of the meeting has a casting vote.

Article [IX?]

The general assembly meets at the seat of the Commission and is convoked by the President at least once every three years.

Its agenda is fixed by the Bureau and communicated to the delegates in reasonable time before the meeting. Any written proposition submitted by a delegate must be inserted.

The general assembly receives reports on the acts and financial situation of the Commission, approves the accounts for past expenses, votes the budget for future expenses, decides on legal action, gifts and legacies, acquisitions, alienations, the investment of available capital in conformity with the laws of . . . (the country where the Commission meets).

It fixes within the limits provided for by Article XI the value of the contributive shares of the various States and provides for the nomination of members of the Bureau whenever necessary, and the nomination of the Director of the Permanent Central Secretariat.

It discusses the work accomplished since the last meeting and the work to be undertaken in future as well as all questions upon the agenda.

The report of the financial situation of the Commission is laid before a Sub-Commission of Auditors, composed of three members elected by secret vote by the General Assembly. The report of the Auditors is laid before the general assembly.

The Governments of Contracting States receive all the annual reports. They will also be notified of the budget for future expenses, as well as of the total of the unit of shares fixed by the Commission, as soon as possible.

The number and duration of meetings are not limited.

The Commission has right of deliberating by correspondence between two meetings. In this case the decision will only be valid if all the delegations have been asked for their opinion and if at least half of them have communicated their reply within the period fixed.

PERMANENT CENTRAL SECRETARIAT OF THE COMMISSION

Article X

The functions of the Permanent Central Secretariat will be carried out according to the conditions laid down in the internal regulations, as will be stated in Article XIII of the present regulations by a paid staff who will be expected to devote themselves exclusively to the service of the Commission and will include:

A director chosen by secret vote by the Commission. He may be removed by the Commission at the proposal of the Bureau.

Heads of Departments.

Officials and employees, to the number required.

The composition of this staff is international.

The director nominates and removes heads of Departments and employees, as well as subordinate staff, acting, however, in agreement with the Bureau as regards the heads of Technical Departments.

FINANCE

Article XI

The expenses of the original establishment of the seat of the Commission, as well as the annual expenses necessary for the working of the Commission and the Permanent Central Secretariat including the travelling expenses of the delegates, as well as the fee for presence for each of the latter for every meeting at which they are present, are covered by

(a) The contributions of the Contracting States fixed according to Art. V. of the present regulations.

(b) All subscriptions, gifts and Legacies which may be made to the Commission and which the latter has accepted and received, in conformity with the laws of . . . (the country where the Commission meets).

The amount corresponding to one contributive share shall not exceed . . . Francs, the normal contribution of each State thus being less than . . . Francs, whatever its population may be. A State may, however, give a larger contributive share than that corresponding to the number of its population.

The expenses necessary for the working of the Commission are estimated at . . . Francs, and this amount cannot be exceeded without the consent of the Contracting States.

As a provisional measure, the budget of the Commission for the first two years shall not exceed . . . Francs.

The general assembly of the Commission shall each year, at the proposal of the Bureau, fix the total of the unit of the contributive shares for the period until the next meeting.

The value of this unit shall not be modified in the interval.

Article XII

Payments and receipts will be carried out by an Accountant forming part of the staff of the Permanent Central Secretariat on an authorisation signed by the President of the Commission, or his representative, and the Director of the Permanent Central Secretariat.

INTERNAL REGULATIONS

Article XIII

The Director of the Permanent Central Secretariat makes all internal regulations necessitated by the execution and extension of the agree-

ment and of the present regulations. He must submit them to the Bureau for approval.

Article XIV

The present regulations have the same force and validity as the agreement to which they are attached.

Appendix 310

Recommendation by the Permanent Committee, Nov. 12th, 1919

The Permanent Committee recommends that this⁹ is a matter of general international interest and suggests that the question should be referred by the Council to the Council of the League of Nations, with a recommendation that the question of the formation of some such international Scientific body might well be considered in connection with the future of the International Institute at Rome and stating experience has shown that physiological enquiries of this nature undertaken during the War by the Allied Governments, possessed and still possess very considerable interest and utility and should, in some form or another and by some international body or another, be continued in the interests of Europe as a whole.

Appendix 311

Note by the Permanent Committee [Regarding] German Exports to Turkey

Under Article 23* of the Armistice with Turkey, that country is obligated to cease all relations with the Central Powers. Consequently, it has been decided that German ships are not to be allowed to trade to Turkey, and the Allied High Commissioners have forbidden the import into Turkey, in allied or neutral bottoms, of any German goods which have been shipped at German ports. Moreover, Turkish goods have been forbidden to be shipped to German ports in allied or neutral vessels. The Allied High Commissioners are also considering the prohibition of the import into Turkey of German goods embarked in ports outside Germany.

The grounds upon which these measures have been taken are (1) the importance of avoiding any weakening of the allied position in Turkey by allowing a breach of the Armistice terms, and (2) the

⁹ See appendix 309, *supra*.

*Article 23. Obligation on the part of Turkey to cease all relations with the Central Powers. [Footnote in the original.]

desirability of excluding German goods from Turkey. Further, it is argued that German agents or business men entering Turkey do so as much in a political, as in a business, capacity. It is understood that the allied High Commissioners at Constantinople take a very strong view of this question.

On the other hand, in view of the very considerable interest shared by the Allies in the rapid economic recovery of the countries which are under reparation obligation to them, it would appear inexpedient, except on political grounds of high importance, that restrictions of this nature should continue to be imposed. It is, therefore, suggested that the Supreme Economic Council should consider this question with a view to dividing [*deciding*] whether or no a recommendation should be made to the Supreme Council in Paris that Article 23 of the Turkish Armistice Terms should be overridden.

NOVEMBER 12, 1919.

Appendix 312

[Here is omitted a report submitted by the French delegates, November 22, 1919, relative to trade restrictions in various European countries. The report consists principally of long lists of the specific articles affected by the import or export regulations of the countries treated.]

[Supreme Economic Council: Thirty-second Meeting Held at Paris
on 6th February, 1920, at 3:30 p.m., and 7th February at 10 a.m.
and 3 p.m.]

The Supreme Economic Council held its 32nd meeting on the 6th February at 3.30 p.m. and the 7th February at 10 a.m. and 3 p.m. at the Palais de la Legion d'Honneur, in Paris, under the Chairmanship of M. Isaac.

The Associated Governments were represented as follows:—

BRITISH EMPIRE	The Earl of Crawford & Balcarres. Sir Hamar Greenwood.
FRANCE	M. François Marsal. M. Thoumyre.
ITALY	M. Paul Bignon (part time). Sig. Maggiorino Ferraris. Comte de San Martino. Comm. Volpi. Comm. Salvatore Orlando. Comm. Nogara.
BELGIUM	M. Jaspar. M. Wauters. M. Theunis.

U. S. A. were not represented.

344.

Sig. Maggiorino Ferraris opened the session and proposed that M. Isaac should take the Chair. This was unanimously agreed.

The minutes of the 31st. meeting were approved subject to a modification proposed by the Belgian Delegation in Minute 328, which was altered to read as follows:—

“The Council approved part I of the above-mentioned report. The Belgian delegates considered that to the Reparation Commission alone fell the task of studying all questions relative to the supply of food to Germany. It might, however, happen that the Reparation Commission would judge it expedient to request the advice of the Consultative Food Committee on all technical questions arising out of ex-enemy food programmes.”

345. Coal for Italy.

With reference to Minute 339, the Italian Delegation stated that the relatively favourable situation alluded to by them in November 1919 had not been maintained. They intimated again that a quantity of 500,000 tons per month was absolutely necessary for Italy. This statement was noted by the British Delegation.

346. Delivery to the Allies of German Tank Steamers.

With reference to Minute 325, it was agreed on the proposal of the Italian Delegation to draw the attention of the Reparation Commission to the danger, in view of the general shortage of such boats, of allowing these tank steamers to lie idle while their ultimate allocation was under discussion.

347. Report of the Raw Materials Committee.

With reference to minute 342, the French Delegation presented on behalf of the Raw Materials Committee a statement (Doc. 313) explaining that the Committee was not yet prepared to submit the report requested by the Permanent Committee on the subject of stocks, prices and measures of control in respect of coal, wool, cotton, flax and phosphates. The British and Italian Delegations undertook to supply the Raw Materials Committee with the data necessary for completing the report.

On the motion of the Belgian Delegation, it was agreed that, in view of the urgency of the matter, the Raw Materials Committee should report at the earliest possible date to the Permanent Committee.

348. Exchange situation in Europe.

The Council took note of—

- (a) a note by the Permanent Committee enclosing a copy of the “Bankers’ Memorial” (Doc. 314);
- (b) a memorandum submitted by the British Delegation (Doc. 315).

In respect of Doc. 314, the Italian Delegation proposed that a Conference of Financial representatives of the various European countries on the lines of the conference proposed in the document, should be summoned as soon as possible to discuss the exchange situation. They proposed that the various countries should be represented by not more than four delegates; of whom one should be a Treasury official.

The British Delegation said that they were not yet in a position to announce the policy of their Government. The British Government had received the memorial now before the Council and was fully alive to its importance, signed as it was by eminent representatives of all shades of political opinion. The memorial, which raised questions of the utmost moment which could not be settled without close investigation, was at present under careful examination by the British Treasury in consultation with the signatories of the memorial.

Pending the result of these conferences, they were not in a position to make a definite statement.

The French Delegation expressed gratification at learning that the British Government took the same serious view of the importance of this memorial as that taken by their Government. They concurred

in the view of the British Delegation that close preliminary investigation was necessary. A memorandum of this nature, with such signatories, raising such complicated questions of international relations and internal policy, should at the outset be studied by each Government separately, after which an exchange of views might take place prior to the summoning of an international conference.

The Belgian Delegation would not oppose the views of the British and French Delegation[s]. They felt bound, however, to point out that the course proposed by their colleagues would seem to be not altogether adapted to the very pressing gravity of the situation, which called, above all things, for rapid action. They well understood the very natural anxiety of the various Governments to examine such a question separately, in view especially of the fact that questions of internal policy were closely concerned. They would, however, press upon their colleagues the view that a question of such wide international import should at the earliest stage be dealt with on an international basis.

The Italian Delegation pointed out the extreme urgency of a speedy solution of the exchange problem. They felt certain that the sorely tried people of Italy would not be able to bear another disappointment in this matter, which clearly was one of national existence and international solidarity.

After discussion on the motion of the Belgian Delegation the following resolution was agreed :—

“The Supreme Economic Council expresses the wish that the appropriate Ministers of the countries represented upon the Council should meet at the earliest convenient time to examine the measures to be taken to remedy the present exchange crisis.”

349. Report of the Finance Committee.

The Council took note of a memorandum from the Finance Committee of the Allied and Associated Governments (Doc. 316) relative to its activities since July 1919.

The French Delegation having emphasised the desirability of an early settlement of relief accounts with special reference to the outstanding accounts in respect of shipments via Trieste, the following resolution was agreed :—

“The Supreme Economic Council, having considered the report of the Finance Committee, requests it to expedite the liquidation of relief accounts, especially as concerns Germany and Trieste, in accordance with the arrangements made between the Allied and Associated Governments.

The Council takes note of the following paragraph in the report :—

“The Committee has decided, subject to the approval of the Government of the United States . . .¹ that all definite contracts made with the German Govern-

¹ Omission indicated in the original.

ment before this date should be carried out and accounted for to the exclusion of later contracts.'

and approves the decision thus taken."

350. Questions of Relief.

The Council considered:—

(a) reports from the British Railway Mission in Vienna relative to the economic situation in Vienna (Doc. 317).

(b) a note by the British Delegation on relief measures for Christians in Turkey (Doc. 318).

As regards Doc. 317, the French Delegation referred to the recent visit to Paris of the Food and Finance Ministers of the Austrian Government, and pointed out that according to the statement made by these Ministers, Vienna would be totally without food after the 1st March, 1920. It was, therefore, vitally necessary that by some means or other a March/September food programme for Vienna should be established and fulfilled. This programme was under consideration by the Reparation Commission. The French Delegation mentioned that they had informed the Austrian ministers that it would be impracticable to supply Vienna unless local sources of supply were fully drawn upon.

As regards Doc. 318, the Italian Delegation mentioned that in their opinion this was not a question of importing breadstuffs from overseas. The Dette Ottomane held considerable stores of wheat in Asia Minor which could be rendered available, providing transport could be arranged and satisfactory financial arrangements arrived at with the Dette Ottomane.

351. Report of the Allied Maritime Transport Executive.

The Council noted and adopted a report (Doc. 319) from the Allied Maritime Transport Executive on the subject of its activities under the Supreme Economic Council.

352. Employment of Enemy Tonnage in Connection With the Reconstruction Requirements of Devastated Regions.

The Council considered a note (Doc. 320) submitted by the French Delegation on the subject of the assignment of enemy and ex-enemy tonnage, with special reference to the reconstruction requirements of the regions devastated by the war.

The French Delegation pointed out the difference which should exist in their opinion between benevolent relief and reconstruction of regions devastated by the war. The principle of priority accorded to this reconstruction had been too often repeated to be in any doubt, but the French Government, in the face of repeated demands, notably to the Reparation Commission, considered it useful to refer to it again.

The British Delegation, while expressing their sympathy with this

point of view, were of the opinion that the question was one which should be dealt with by the Reparation Commission.

After detailed discussion, it was decided, on the motion of the Belgian and French Delegations, to communicate the French Delegation's note to the Reparation Commission in the following terms:—

"The Supreme Economic Council communicates to the Reparation Commission the attached memorandum by the French Delegation, and draws the attention of the Commission to the priority which the Treaty recognises, both in general principle and in numerous specific clauses, for the needs of the devastated regions."

353. Dissolution of the A. M. T. E.

The Council considered a note (Doc. 321) from the A. M. T. E. proposing that, in view of the fact that its functions had now been taken over by the Shipping Section of the Reparation Commission, the Executive should be forthwith wound up.

The French Delegation pointed out that the proposals before the Council did not cover Austro-Hungarian ships and that some provision should be made for dealing with them.

The following resolution was agreed:—

"The Supreme Economic Council approves the proposals of the Allied Maritime Transport Executive with reference to its dissolution, on condition:—

- (1) that the Reparation Commission is in agreement on general lines;
- (2) that that body, functioning as the Committee on Organisation of the Reparation Commission, accepts the temporary charge of the Austrian ships."

The Chairman, on behalf of the Council, tendered to Mr. Kemball-Cook, Chairman of the A. M. T. E., the thanks of the various delegations for his invaluable services in that capacity.

It was also mentioned that the future of the Allied Maritime Finance Committee should be taken into consideration by the Permanent Committee.

The French Delegation suggested that the Committee should be made responsible to the Finance Committee of the Allied and Associated Governments.

354. Report of the Communications Section.

The Council considered and adopted a report (Doc. 322) from the Communications Section on the subject of its activities since the date of its inception.

The Chairman of the Communications Section pointed out that since the report had been submitted, the French Government had arranged with the Czecho-Slovakian Government for a supply of wagons for Czecho-Slovakia to ease the coal situation in the countries

of Central Europe. He stated further that 1500 British Army wagons in France had been placed by the British Government at the temporary disposal of the Wagon Exchange Committee in Vienna.

The French Delegation announced the retirement of General Gassouin from the position of French representative of the Communications Section, and intimated that General Gassouin would be succeeded by M. Chargueraud.

On the motion of the British Delegation, the Council adopted a resolution expressing its hearty thanks to General Gassouin for the very distinguished services rendered by him to the Allied Governments and to Europe in general through his work on the Communications Section.

355. Food Supplies and European Requirements.

The Council considered and adopted a memorandum (Doc. 323) by the Consultative Food Committee dealing with the subject of European food supplies in relation to probable European requirements in the near future.

With reference to this report, the Italian Delegation proposed that the Wheat and Flour Sub-Committee of the Consultative Food Committee should be continued in operation to the end of the present cereal year.

After discussion on the methods of purchase it was decided to take no definitive action on the question and the following resolution was agreed:—

“The Supreme Economic Council decides to prolong up to the end of the present cereal year the Wheat and Flour Sub-Committee, and recommends the Consultative Food Committee to make as soon as possible any suggestions about the future situation, and meanwhile suggests with all urgency any possible action with the object of securing surplus stocks from Russia as soon as available.”

356. Troops and Prisoners of War in Siberia.

The Council considered—

- (a) a note by the British Delegation (Doc. 324);
- (b) a letter from the British Foreign Office (Doc. 325).

The British Delegation stated that two questions arose:—

- (1) the question of friendly troops and of a comparatively small number of prisoners of war at present under allied control;
- (2) the question of prisoners of war of various nationalities at present under Bolshevik control.

As regards (1), arrangements for maintenance and repatriation were already being completed by the Allied Governments, but the appropriations effected would probably be insufficient and some further action should be taken in the matter if considerable mortality and suffering was to be avoided.

With regard to (2), it was understood that the League of Red Cross Societies was prepared, if the Council of the League so desired, to devise means for the repatriation of these prisoners. Negotiations had been entered into between the International Red Cross on the one hand and the German and Austrian Governments on the other, in the course of which the latter Governments had shown their readiness to bear the greater part of the cost of repatriation.

It was agreed :—

(1) to refer the question of troops and prisoners of war in Siberia under Allied control to the Finance Committee of the Allied and Associated Governments;

(2) to refer to the Council of the League of Nations for consideration the question of the prisoners of war in Siberia under the control of the Bolsheviks.

It was understood that any issues of a political nature arising in the discussion of these questions would eventually be referred by the delegates to the appropriate Department of their respective Governments.

357. Resumption of Trade Relations With the Russian People.

The Council considered :—

(a) a note by the Permanent Committee (Doc. 326) summarising the progress of the negotiations entered into under the supervision of the Permanent Committee between the All-Russian Co-operative Organisations outside Russia and the Central Union of Co-operative Societies in Moscow;

(b) a draft of a telegram submitted by the All-Russian Co-operative Societies outside Russia (Doc. 328) replying to a wireless communication (Doc. 327) of the 4th. February from the Central Union of Co-operative Societies in Moscow.

The Belgian Delegation stated that they found some difficulty in understanding the proposals made in Doc. 327. Apparently the Co-operative Societies in Russia proposed to send their own delegates out of Russia to confer with their colleagues in Western Europe. Apart from the question whether such a proposal did not go beyond the scope of the Supreme Council's decision of the 17th. [16th] January,² was it not a difficult proposal to understand, inasmuch as a delegation from the Russian Co-operative Societies outside Russia was already on its way to Moscow for the purpose of a joint consultation? There was considerable doubt to what extent the Co-operative Societies in their present state were independent of the Soviet Government. What was the object of delegations with wide discretionary powers being sent from both sides at the same time? They feared that some political aim might lie behind this apparently pointless proposal. Against such political aims it was a considered agreement of the Allied Gov-

² See ICP-18, minute 2, and ICP-20, minute 1, vol. ix, pp. 863 and 885.

ernments, as embodied in the Supreme Council's decision of the 17th. [16th] January, to take special precautions. They proposed, therefore, that the phrases in the draft reply which appeared to welcome the sending of such a delegation should be deleted.

The British Delegation explained that the phrases referred to by the Belgian Delegation welcoming the sending of a delegation from Russia must be understood as referring only to the readiness of the Russian Co-operative Societies outside Russia to confer as much as possible with their Russian colleagues. Whether the Allied Governments would permit such conferences it was for the Allied Governments to determine.

They then proceeded to remind the Council that the policy now before it had been imposed on it by the Supreme Council. The Supreme Council had made the Supreme Economic Council the instrument for carrying out this policy. It was not, therefore, for the Supreme Economic Council to criticise the policy as a policy. They added that they intended to carry out the policy to the best of their ability in spite of the many difficulties in the way of its achievement, some of which had been already stated.

They were well aware that one of the chief difficulties was caused by the general feeling that somehow or other the resumption of relations implied in this policy might lead to the egress from Russia of bolshevist agents instructed to stir up sedition in the countries of Western Europe. In this connection they would remind the Council that in the draft telegram under consideration arrangements were suggested where the names of representatives of the Russian Co-operative Societies should be handed to the Allied Governments, and personal permits given. The number, therefore, of such representatives was obviously restricted to those acceptable to the Allied Governments.

As contrasted with the difficulties of the policy, they wanted to say a word or two about its necessity. The democracies of the West were becoming increasingly restive under the continual augmentation of prices and the shortage of foodstuffs and raw materials for industries. The danger incurred by failure to take all possible steps to ameliorate this situation was far greater than that incurred by allowing the possibility of one or two bolshevist agents leaving Russia. The proposals at present before the Council were an attempt to improve conditions of life in Western Europe by re-opening Russia as a producing country and they thought the Council would do well to weigh very carefully any difficulty in carrying them out before it admitted any such difficulty to be insuperable.

The Italian Delegation declared that the Allied Governments were unanimously favourable in principle to the resumption of trade relations with the Russian people. Further, the Italian Parliament had

pronounced itself in favour of such a policy. The Italian Delegation were in substantial agreement in this matter with the views expressed by their British colleagues, but undoubtedly difficulty arose from the fact that the information at the disposal of the Allied Governments with respect to the exact position occupied in Russia at the moment by the Co-operative Societies was exceedingly vague. It had been stated on good authority that the Soviet Government had obtained complete control of the Co-operative Societies in Russia, except of the Railwaymen's Co-operative Organisations. Care must be taken to distinguish the practical side of these negotiations from political implications. If, side by side with the produce of Russia, the Allied Governments must import the doctrines of Bolshevism, it might well be said that the imports were paid for at too high a price. The Italian Delegation would, therefore support any proposal tending to carry out the decision of the Supreme Council, while at the same time avoiding the political dangers pointed out by the Belgian Delegation.

The Chairman begged leave to speak on behalf of the French Delegation. He pointed out that a very clear distinction should be made between the various phrases used in the course of the current discussion, and, in particular, between the three phrases—the Russian Government, the Russian nation and the Russian Co-operative Societies. With the Russian Government there could be no question of relations so far as the French Government was concerned. Towards the Russian nation, so long their loyal allies, the French Government felt no hostility, but, on the contrary, the deepest sympathy for them in their present troubles. As regards the Russian Co-operatives, the question might well be asked, what were they at the present moment? Were they free from the political tendencies which had dominated their country for so long? This question was not yet decided. In view of this uncertainty, it behoved the Council to exercise the greatest care in discharging the very difficult functions which had been entrusted to it. He reminded the Council that the Supreme Council had decided that the negotiations arising out of its decision of the 17th. [16th] January should take place in Russia. In case, therefore, the proposal of the Moscow Co-operative Societies to send a delegation into Western Europe were to be considered, the proper authority was the Supreme Council of the Allied Governments.

The French Delegation would agree to any modification of Doc. 328 which would acknowledge this principle.

It was finally agreed that the representatives of the Co-operative Societies outside Russia should be informed that their telegram could only be forwarded in the altered form recorded as Doc. 329.

358. Relations With the League of Nations.

The Italian Delegation, referring to the decision taken at Rome (minute 337), proposed the adoption of a note by the Permanent Committee (Doc. 330).

The following text proposed by the French Delegation was adopted:—

1. It is agreed to notify officially to the Council of the League of Nations:—

- (a) the decision of the Council of Heads of States of the 28th June, 1919;
- (b) the subsequent decisions of the Supreme Economic Council and of the Sub-Committee on Organisation;

and to enquire when and in what manner the League of Nations proposes to undertake the study of economic questions.

2. It is agreed that in case of necessity the Permanent Committee shall co-operate with the Council of the League of Nations if invited by the League and within the limits imposed by the League.

At the request of the Belgian Delegation it was stated that decision No. 2 above, was intended for the private guidance of the Permanent Committee and would not be communicated to the League of Nations.

359. Time and Place of Next Meeting.

The Italian Delegation suggested that it should be left to the discretion of the Permanent Committee to call the next meeting of the Council.

The British Delegation suggested:—

(1) that no meeting of the Council should be held before discussion by the Council of the League of the points raised in Minute 358;

(2) that, pending conversations between the Permanent Committee and the League of Nations, the work of the various branches of the Supreme Economic Council should continue, including for the time being the Finance Committee, the future of which was, however, under consideration by the British Government.

It was agreed that the Permanent Committee should call a meeting of the Council to report to it on the result of its conversations with the Council of the League of Nations.

Appendix 313^a*Report of the Committee on Raw Materials and Statistical Information*

The Permanent Committee decided on the 19th December, 1919, to

^a No mimeograph copy of appendix 313 accompanies the minutes; this text is reproduced from a printed copy filed with the minutes.

request the Raw Materials Committee to prepare a report containing, in respect of coal, wool, [cotton,] flax and phosphates:—

(a) A table of the monthly resources at the command of each of the States represented on the Council, account being taken of its production and imports from all sources.

(b) A table showing the movement of prices in producing countries and in foreign markets which have been able, in virtue of a certain measure of monopoly and reservation, to be substituted for markets in the country of origin.

(c) Notes and references giving exactly the date of the establishment or the raising of the measures defined above.

In conformity with these instructions lists and tables have been prepared by each of the members of the Raw Materials Committee. The Committee has now proceeded to the systemisation of these labours in a series of general reports relative to the various products under consideration, which report, it is hoped, may be presented to the Permanent Committee at an early date.

The Raw Materials Committee desires to point out, however, at the present moment, that if certain facts detach themselves clearly, such as the results either of the requisition by certain countries of their produce, or of the application by these countries of differential export prices, the number of variable factors involved in the problem does not allow of the exact determination of the effect either of the controls exercised by the various countries over imported goods, or of the different state of the exchange, or of means of payment in each country, or of the resources and methods of each country in respect of the means of transport.

The Raw Materials Committee proposes that, even if the importance of these various factors cannot be determined with precision, nevertheless exchange of information on these questions should be actively maintained.

FEBRUARY 5, 1920.

Appendix 314

Note by the Permanent Committee [Regarding] Exchange Situation in Europe

The following memorandum to various European Governments on the financial situation of Europe is submitted by the Permanent Committee to the Council for such action as the Council may think desirable.

2/2/20.

[Enclosure]

Memorial to Various European Governments on the Financial Situation of Europe⁴

The undersigned individuals beg leave to lay before their Government a proposal that the Governments of the countries chiefly concerned, which should include the United States, the United Kingdom and the British Dominions, France, Belgium, Italy, Japan, Germany, Austria, the Neutral countries of Europe and the chief exporting countries of South America, should be invited forthwith (the matter being of the greatest urgency) to convene a meeting of Financial representatives, for the purpose of examining the situation, briefly set forth below, and to recommend, in the event of their deciding that co-operative assistance is necessary and advisable, to whom and by whom assistance should be given and on what general conditions.

They venture to add to the above recommendation the following observations:—

The war has left to conqueror and conquered alike the problem of finding means effectively to arrest and counteract the continuous growth in the volume of outstanding money and of Government obligations, and, its concomitant, the constant increase of prices. A decrease of excessive consumption and an increase of production and taxation are recognised as the most hopeful—if not the only—remedies. Unless they are promptly applied, the depreciation of money, it is to be feared, will continue, wiping out the savings of the past and leading to a gradual but persistent spreading of bankruptcy and anarchy in Europe.

There can be no social or economic future for any country which adopts a permanent policy of meeting its current expenditure by a continuous inflation of its circulation and by increasing its interest-bearing debts without a corresponding increase of its tangible assets. In practice every country will have to be treated after careful study and with due regard to its individual conditions and requirements. No country, however, is deserving of credit, nor can it be considered a solvent debtor, whose obligations we may treat as items of actual value in formulating our plans for the future, that will not or cannot bring its current expenditure within the compass of its receipts from taxation and other regular income. This principle must be clearly brought home to the peoples of all countries, for it will be impossible otherwise to arouse them from a dream of false hopes and illusions to the recognition of hard facts.

⁴ Reproduced from a printed text filed with the mimeograph text. The mimeograph text lacks the reservation of the French signatories and the complete list of signatories which the printed text contains.

It is evident that Germany and Austria will have to bear a heavier load than their conquerors, and that, in conformity with the Treaty of Peace, they must bear the largest possible burden they may safely assume. But care will have to be taken that this burden does not exceed the measure of the highest practicable taxation and that it does not destroy the power of production, which forms the very source of effective taxation. For the sake of their creditors and for the sake of the world, whose future social and economic development is involved, Germany and Austria must not be rendered bankrupt. If, for instance, upon close examination, the Commission des Réparations finds that, even with the most drastic plan of taxation of property, income, trade and consumption, the sums that these countries will be able to contribute immediately towards the current expenses of their creditors will not reach the obligations now stipulated, then the Commission might be expected to take the view that the scope of the annual contribution must be brought within the limits within which solvency can be preserved, even though it might be necessary for that purpose to extend the period of instalments. The load of the burden and the period during which it is to be borne must not, however, exceed certain bounds; it must not bring about so drastic a lowering of the standard of living that a willingness to pay a just debt is converted into a spirit of despair and revolt.

It is also true that amongst the victorious countries there are some whose economic condition is exceedingly grave, and who will have to reach the limits of their taxing powers. It appears, therefore, to the undersigned, that the position of these countries, too, should be examined from the same point of view of keeping taxation within the power of endurance, and within a scope that will not be conducive to financial chaos and social unrest.

The world's balance of indebtedness has been upset, and has become top-heavy and one-sided. Is it not necessary to free the world's balance-sheet from some of the fictitious items which now inflate it and lead to fear or despair on the part of some, and to recklessness on the part of others? Would not a deflation of the world's balance-sheet be the first step towards a cure?

When once the expenditure of the various European countries has been brought within their taxable capacity (which should be a first condition of granting them further assistance), and when the burdens of indebtedness, as between the different nations, have been brought within the limits of endurance, the problem arises as to how these countries are to be furnished with the working capital necessary for them to purchase the imports required for re-starting the circle of exchange, to restore their productivity and to reorganise their currencies.

The signatories submit that, while much can be done through normal banking channels, the working capital needed is too large in amount and is required too quickly for such channels to be adequate. They are of opinion, therefore, that a more comprehensive scheme is necessary. It is not a question of affording aid only to a single country, or even a single group of countries which were allied in the war. The interests of the whole of Europe, and indeed of the whole world, are at stake.

It is not our intention to suggest in detail the method by which such international co-operation in the grant of credit may be secured. But we allow ourselves the following observations:—

1. The greater part of the funds must necessarily be supplied by those countries where the trade balance and the exchanges are favourable.

2. Long term foreign credit, such as is here contemplated, is only desirable in so far as it is absolutely necessary to restore productive processes. It is not a substitute for those efforts and sacrifices on the part of each country, by which alone they can solve their internal problem. It is only by the real economic conditions pressing severely, as they must, on the individual that equilibrium can be restored.

3. For this reason, and also because of the great demands on capital for their own internal purposes in the lending countries themselves, the credit supplied should be reduced to the minimum absolutely necessary.

4. Assistance should, as far as possible, be given in a form which leaves national and international trade free from the restrictive control of Governments.

5. Any scheme should encourage, to the greatest extent possible, the supply of credit and the development of trade through normal channels.

6. In so far as it proves possible to issue loans to the public in the lending countries, these loans must be on such terms as will attract the real savings of the individual, otherwise inflation would be increased.

7. The borrowing countries would have to provide the best obtainable security. For this purpose it should be agreed that—

(a) Such loans should rank in front of all other indebtedness whatsoever, whether internal debt, reparation payments or inter-allied governmental debt.

(b) Special security should be set aside by the borrowing countries as a guarantee for the payment of interest and amortisation, the character of such security varying perhaps from country to country, but including in the case of Germany and the new States the assignment of import and export duties payable on a gold basis, and in the case of States entitled to receipts from Germany, a first charge on such receipts.

The outlook at present is dark. No greater task is before us now than to devise means by which some measure of hopefulness will re-enter the minds of the masses. The re-establishment of a willing-

ness to work and to save, of incentives to the highest individual effort and of opportunities for every one to enjoy a reasonable share of the fruit of his exertions must be the aim towards which the best minds in all countries should co-operate. Only if we recognise that the time has now come when all countries must help one another, can we hope to bring about an atmosphere, in which we can look forward to the restoration of normal conditions and to the end of our present evils.

In conclusion the signatories desire to reiterate their conviction as to the very grave urgency of these questions in point of time. Every month which passes will aggravate the problem and render its eventual solution increasingly difficult. All the information at their disposal convinces them that very critical days for Europe are now imminent, and that no time must be lost if catastrophes are to be averted.

Restriction added by the French signatories to the Memorial:—

It is understood that a reasonable delay shall be allowed to each country to reduce its current expenses to the level of its receipts drawn from taxation or other normal sources of revenue, and that the recommendations in lines 109 to 120 can only be applied in each particular case as far as they are reconcilable with the stability and length of standing of the credit of the States.

ROGER LEHIDEUX, Président de l'Union syndicale des Banquiers de Paris et de la province

DARCY, Président du Comité central des Houillères de France

PETIT, Président du Tribunal de Commerce de la Seine

CHARLES LAURENT

F. DE WENDEL

RAPHAEAL GEORGES LEVY

United States:

WILLIAM H. TAFT, former President of the United States

ELIHU ROOT, former Secretary of State and ex-Senator

HERBERT HOOVER, former Director, United States Food Administration

MYRON T. HERRICK, former Ambassador to France

HARRY A. WHEELER, former President, United States Chamber of Commerce, and Chairman, International Trade Conference of United States Chamber of Commerce

ALFRED E. MARLING, President, New York Chamber of Commerce

WILLIAM FELLOWES MORGAN, President, New York Merchants' Association

FRANK A. VANDERLIP, Chairman, Banking Committee, New York Chamber of Commerce

PAUL M. WARBURG, Chairman, Acceptance Council and Committee on Banking of New York Merchants' Association, and former Vice-Governor, Federal Reserve Board

R. S. HAWES, President, American Bankers' Association

J. P. MORGAN, Partner, J. P. Morgan and Co.

United States—Continued

JAMES A. STILLMAN, President, National City Bank,
New York
A. BARTON HEPBURN, Chairman, Chase National Bank,
New York
CHARLES H. SABIN, President, Guaranty Trust Company,
New York
L. L. RUE, President, Philadelphia National Bank
JAMES B. FORGAN, President, First National Bank, Chicago
FESTUS J. WADE, President, Mercantile Trust Company,
Saint Louis
F. O. WATTS, President, Third National Bank, Saint Louis
JOHN SHERWIN, President, First National Bank, Cleveland
A. W. MELLON, President, Mellon National Bank, Pittsburgh
EMORY W. CLARK, President, First and Old Detroit National
Bank
FREDERICK H. RAWSON, President, Union Trust Company,
Chicago
R. G. RHETT, President, People's National Bank, Charlestown,
South Carolina, Cleveland
H. DODGE, Partner, Phelps Dodge Corporation, New York
DARWIN P. KINGSLEY, President, New York Life Insurance
Company
CHARLES W. ELIOTT, President Emeritus, Harvard University
ARTHUR T. HADLEY, President, Yale University
H. P. JUDSON, President, University, Chicago
EDWIN A. ALDERMAN, President, University of Virginia
EDWIN R. A. SELIGMAN, Professor, Economics, Columbia
University
F. W. TAUSSIG, Professor, Economics, Harvard University
SAMUEL REA, President, Pennsylvania Railroad
LOUIS W. HILL, Chairman, Great Northern Railroad
DANIEL WILLARD, President, Baltimore and Ohio Railroad
GEORGE H. McFADDEN, Partner, Geo. H. McFadden and
Brother, Philadelphia
JULIUS H. BARNES, Partner, Barnes, Ames Co., and Director,
United States Grain Corporation
JOHN G. SHEDD, President, Marshall Field Company,
Chicago
JACOB H. SCHIFF, Partner, Kuhn Loeb Company, New York
GEORGE M. REYNOLDS, Chairman, Continental and Commercial
National Bank, Chicago
ROBERT L. BROOKINGS, President, Board Trustees, Washington
University, Saint Louis
A. L. Mills, President, First National Bank, Portland,
Oregon
FRANK B. ANDERSON, President, Bank of California, San
Francisco
HERBERT FLEISCHACKER, President, Anglo and London
Paris National Bank, San Francisco
HENRY SUZALLO, President, University of Washington,
Seattle

Denmark:

- C. C. ANDERSEN, Chairman of the Socialist Party in the Landsting (Upper House)

F. I. BORGBJERG, Member of the Committee of the Social Group of the Rigsdag (Parliament)

I. C. CHRISTENSEN, Chairman of the Venstre (Liberal) Party of the Folketing (Lower House)

C. C. KLAUSEN, Chairman of the Merchants Association

C. M. T. COLD, Chairman of the Danish Steamship Owners Society

A. VOSS, Chairman of the Board of Industry

E. GLUECKSTADT, Managing Director of the Danske Landmandsbank

J. KNUDSEN, Chairman of the Conservative Party in the Folketing

M. MYGDAL

A. TESDORPF

A. NIELSEN

J. P. WINTHER

J. AURIDSEN

C. USSING

M. RUBIN

W. STEENSEN

I. PEDERSEN, Chairman of the Venstre Party of the Landsting

E. G. NIPIER, Chairman of the Conservative Party of the Landsting

C. SLENGERIK, Chairman of the Radikal Venstre Party of the Folketing

H. TRIER, Chairman of the Radikal Venstre Party of the Landsting

} Presidents of the Board of Agriculture

} Managing Directors of the National-Banken
in Copenhagen

Holland;

- Dr. G. VISSERING, President of the Bank of the Netherlands
C. E. TER MEULEN, Banker, Member of the firm of Hope
and Co.
J. VAN VOLLENHOVEN, Manager of the Bank of the Netherlands
JONKHEER DR. A. P. C. VAN KARNEBEEK, Minister of State,
President of the Carnegie Foundation
J. J. G. BARON VAN VOORST tot Voorst, President of the First
Chamber of Parliament
DR. D. FOCK, President of the Second Chamber of Parliament
JONKHEER DR. W. H. DE SAVORNIN LOHMAN, President of
the High Court of Justice.
A. W. F. IDENBURG, formerly Governor-General of the Dutch
East Indies, formerly Minister of Colonies
S. P. VAN EEGHEN, President of the Amsterdam Chamber of
Commerce
E. P. DE MONCHY, President of the Rotterdam Chamber of
Commerce
C. J. K. VAN AALST, President of the Amsterdam Bankers'
Association
G. H. HINTZEN, Banker, Member of the firm of R. Mees and
Zonen, Rotterdam
F. M. WIBAUT, Socialistic Alderman of Amsterdam

Holland—Continued

G. M. BOISSEVAIN, Economist.

E. HELDRING, Manager of the Royal Dutch Steamship Company

PROFESSOR DR. G. W. J. BRUINS

Norway:

OTTO B. HALVORSEN, Speaker of Parliament

J. TANDBERG, Bishop of Christiania

F. NANSEN, Professor

H. LOEKEN, Governor of Christiania

B. HOLTSMARK, Leader of a Political Party

A. JAHRSEN, Leader of a Political Party

JOH. L. EMOVINCKEL, Leader of a Political Party

K. BOMHOFF, President, Bank of Norway

ALF BUECKE

THUNE LARSEN

C. KIERULF

V. PLAHTE

CARL KUTCHERATH

CHR. B. LORENTZEN

JOH. H. AARENSEN

THS. FEARNLEY

C. PLATOU

T. MYRVANG, President, Farmers and Smallholders Association

P. VOLCKMAR, President, Norske Handelsbank

Sweden:

J. G. AF JOCHNICK, President of the Swedish State Bank

V. L. MOLL, First Deputy, Swedish State Bank

C. E. KINARDER, President, National Debt Office

J. C. SON KJELLBERG, President, Swedish Bankers Association

H. LAGERCRANTZ, formerly Envoy, United States; President, Swedish Exporters Association

A. VANNERSTEN, formerly Minister of Finance; President, Swedish Industrial Association

K. A. WALLENBERG, formerly Minister of Foreign Affairs; President, Chamber of Commerce of Stockholm

M. WALLENBERG, Managing Director, Stockholms Enskilda Bank

O. RYDBECK, Managing Director, Skandinaviska Kréditaktiebolaget

C. FRISK, Managing Director, Svenska Handelsbanken

K. H. BRANTING

S. A. A. LINDMAN, formerly Prime Minister; Leader, Conservative Party

L. H. KVARNZELIUS, Leader, Liberal Party

COUNT R. G. HAMILTON, Leader, Liberal Party

E. TRYGGER, formerly Member of High Court of Appeal; Leader, Conservative Party

Presidents of Financial, Industrial and Commercial Associations

Members of Parliament

Sweden—Continued

K. G. CASSEL
 D. DAVIDSON
 E. F. K. SOMMARIN } Professors, Political Economy

Switzerland:

G. ADOR, President, International Red Cross Committee
 E. BLUMER, President, National Council
 A. FREY, President, Swiss Union of Commerce and Industry
 R. DE HALLER, Vice-President of the Board of Directors,
 National Bank
 J. HIRTER, President, Council of National Bank
 DR. E. LAUR, Secretary, Swiss Union of Peasants
 A. PETTAVEL, President, Council of States
 E. LICOT, Federal Judge
 G. PICTET, Banker
 A. SARASIN, President, Swiss Association of Bankers
 M. SCHNYDER, President, Association of Swiss Press
 DR. H. TSCHUMI, President, Swiss Union of Arts and Crafts

United Kingdom:

SIR RICHARD VASSAR SMITH, Bart., Chairman of Lloyds'
 Bank
 LORD INCHCAPE, G.C.M.G., K.C.S.I., Chairman of the National
 Provincial and Union Bank, Chairman of the Peninsular
 and Oriental Steam Navigation Company
 WALTER LEAF, Chairman of the London, County and West-
 minster Bank
 F. C. GOODENOUGH, Chairman of Barclay's Bank
 Rt. Hon. REGINALD MCKENNA, Chairman of the London Joint
 City and Midland Bank
 SIR ROBERT KINDERSLEY, K.B.E., Chairman of the National
 Savings Committee, Director of Bank of England, Partner
 of Lazard Bros
 SIR CHARLES ADDIS, Chairman of the Hong Kong and Shang-
 hai Banking Corporation, Director of the Bank of England
 EDWARD CHARLES GRENFELL, Partner in firm of Morgan, Gren-
 fell and Company, Director of the Bank of England
 Hon. ROBERT HENRY BRAND, C.M.G., Partner of Lazard Bros.
 RIGHT HON. LORD ROBERT CECIL, P.C., K.C., former Chairman
 of Supreme Economic Council, and Assistant Secretary of
 State for Foreign Affairs
 RIGHT HON. HERBERT HENRY ASQUITH, former Prime Minis-
 ter
 RIGHT HON. SIR DONALD MACLEAN, K.B.E., Leader of the
 Liberal Party in the House of Commons
 RIGHT HON. JOHN HENRY THOMAS, }
 M.P. } Leaders of the Labour
 RIGHT HON. JOHN ROBERT CLYNES, }
 M.P. } Party
 VISCOUNT BRYCE, O.M., G.C.V.O., former Ambassador to the
 United States

Appendix 315

TREASURY CHAMBERS, 16 January, 1920.

SIR: With reference to paragraph 323 of the Minutes of the Meeting of the Supreme Economic Council at Rome in November last, I am directed by the Lords Commissioners of His Majesty's Treasury to transmit herewith to be laid before the Supreme Economic Council copy of the final report of the Committee on Currency and Foreign Exchanges dated the 3rd December last and an extract from the reply given by the Chancellor of the Exchequer to a Parliamentary question in the House of Commons on the 15th ultimo with reference to the Report.

I am [etc.]

M. G. RAMSEY

THE BRITISH COUNCIL OFFICER,

Supreme Economic Council, Trafalgar House.

[Enclosure 1]

*Final Report of the Committee on Currency and Foreign Exchanges
After the War*

(Presented to Parliament by Command of His Majesty, 1919)

TERMS OF APPOINTMENT

The Lords Commissioners of His Majesty's Treasury and the Minister of Reconstruction have appointed a Committee to consider the various problems which will arise in connection with currency and the foreign exchanges during the period of reconstruction and report upon the steps required to bring about the restoration of normal conditions in due course.

The constitution of the Committee will be as follows:—

Lord Cunliffe, G.B.E., Governor of the Bank of England,
Chairman.

Sir Charles Addis, Hong Kong and Shanghai Banking Corporation.

The Hon. Rupert Beckett, Beckett and Company.

Sir John Bradbury, K.C.B., Secretary to the Treasury.

G. C. Cassels, Esq., Bank of Montreal.

Gaspard Farrer, Esq., Baring and Company.

The Hon. Herbert Gibbs, Antony Gibbs and Sons.

W. H. N. Goschen, Esq., Chairman of the Clearing Bankers' Committee.

Lord Inchcape of Strathnaver, G.C.M.G., K.C.S.I., K.C.I.E.

R. W. Jeans, Esq., Bank of Australasia.

A. C. Pigou, Esq., M.A., Professor of Political Economy, Cambridge University.

G. F. Stewart, Esq., D.L., F.S.I., Ex-Governor of the Bank of Ireland.

William Wallace, Esq., Royal Bank of Scotland.

Mr. G. C. Upcott, of the Treasury and Ministry of Reconstruction, will act as Secretary to the Committee.

JANUARY, 1918.

The following words were subsequently added to the Terms of Reference:—

“and to consider the working of the Bank Act, 1844, and the constitution and functions of the Bank of England with a view to recommending any alterations which may appear to them to be necessary or desirable.”

On his appointment as Principal British Reparation Commissioner Sir John Bradbury resigned from the Committee. Mr. B. P. Blackett, C.B., the Controller of Finance, Treasury, was appointed a member of the Committee in his place.

Mr. Cassels was prevented by absence in Canada from attending the later meetings of the Committee.

Mr. H. E. Fass of the Treasury was appointed in July, 1919, Joint Secretary with Mr. Upcott to the Committee.

TO THE LORDS COMMISSIONERS OF HIS MAJESTY'S TREASURY

MY LORDS, 1. We have the honour to present herewith our final Report on certain matters referred to us in January, 1918, with which we were not in a position to deal in our Interim Report in August of that year.

2. *Foreign Exchanges.*—We stated in the introduction to our Interim Report our opinion that a sound system of currency would in itself secure equilibrium in the Foreign Exchanges. We have reviewed the criticisms which have been made upon this part of our Report, but we see no reason to modify our opinion. We have found nothing in the experiences of the war to falsify the lessons of previous experience that the adoption of a currency not convertible at will into gold or other exportable coin is likely in practice to lead to overissue and so to destroy the measure of exchangeable value and cause a general rise in all prices and an adverse movement in the foreign exchanges.

3. The nominal convertibility of the currency note which has been sustained by the prohibition of the export of gold is of little value. The weakness of the exchanges is in a measure due to trade conditions, but an important cause of the depreciation in sterling in New York and other financial centers is, in our opinion, to be found in the expanded state of credit in this country. The existing expansion is not merely the legacy of the stress of war finance and Government borrowings, which even now have not ceased, but also, in part the result of maintaining rates for money in London below those ruling in other important financial centres. The difficulties of the Foreign Exchanges' position are aggravated by the grant of long term loans and credits, whether directly or under guarantee or otherwise by the Government

or by private lenders, to enable foreign States or their nationals to pay for exports from this country. Few of these loans and credits will be liquidated at an early date. The large payments which we have to make to America, North and South, for necessary imports of foodstuffs and raw materials from those countries make it essential that we, in our turn, should secure payment in cash for as large a proportion as possible of our exports visible and invisible. We recommend therefore that preference should be given to exports to countries which are able to make payment in the ordinary course of trade.

Increased production, cessation of Government borrowings and decreased expenditure both by the Government and by each individual member of the nation are the first essentials to recovery. These must be associated with the restoration of the pre-war methods of controlling the currency and credit system of the country for the purpose of re-establishing at an early date a free market for gold in London.

4. *Bank of England*.—The principles of the Bank Charter Act of 1844 were fully considered by us in our Interim Report. We have examined with care the opinions there expressed in the light of certain criticisms which have been made with regard to them. We see, however, no reason to alter our conclusions. We have again considered the principles governing the banking systems of the principal foreign countries and we are satisfied that they are not so well adapted to the needs of this country as those contained in the Act of 1844. Certain important alterations which experience suggested to be desirable have been made in the constitution and management of the Bank during the war, and we do not now think it necessary to make any further recommendation.

5. *Government Borrowings on Ways and Means Advances from the Bank of England*.—We desire to draw attention to the extensive use made during the war of the system of Ways and Means Advances from the Bank of England. We referred to this matter in paragraph 16 of our Interim Report and explained its effect in causing credit and currency expansion. The powers given to the Government by Parliament to borrow from the Bank of England in the form of an overdraft on the credit of Ways and Means were, as the name implies, intended to enable the Government to anticipate receipts from Revenue or permanent borrowings for a brief period only. Indeed Parliament by expressly providing that all such advances should be repaid in the quarter following that in which they were obtained showed that it had no intention of bestowing upon the Government the power of securing an overdraft of indefinite duration and amount. Under the exigencies of war finance the Government found it necessary to re-borrow in each quarter on the credit of Ways and Means the amount needed to enable them to comply with the statutory requirement that the previous quarter's Ways and Means Advances should be repaid,

with the result that the total outstanding advances remained for a long time at a high figure. We are glad to see that efforts are now being made to reduce this overdraft to more moderate dimensions.

We, therefore, hope, now that conditions are less abnormal, that the Government will confine its use of Ways and Means and Advances from the Bank of England to providing for purely temporary necessities. Such advances afford a legitimate method of tiding over a few weeks' shortage, but are entirely unsuitable for borrowings over a longer period.

6. *Foreign Banks.*—Several of our witnesses have called attention to the conditions under which it is open to foreign banks to establish themselves in this country. We suggest that this is a matter which should receive the early attention of His Majesty's Government.

7. *Scottish and Irish Banks.*—We have now taken evidence in regard to the application of the recommendations in our Interim Report to Scotland and Ireland. The status of legal tender was given to the notes of the Scottish and Irish Banks of Issue as an emergency measure to tide over the period at the outbreak of war when a serious shortage of currency was threatened, a condition of affairs which no longer obtains. Some of the witnesses on behalf of the Scottish and Irish Banks showed a marked desire to retain the privilege of legal tender status for their notes. In our opinion the grant of legal tender status could not be given permanently to the notes of Scottish and Irish Banks except under statutory conditions similar to those embodied in the Bank Act of 1844. The evidence before us indicates that rather than be subjected to such conditions the banks would prefer the restoration of the pre-war status. We accordingly recommend that the pre-war status be restored. We further recommend that when the position which we contemplate in our Interim Report is ultimately reached the cover held by the Scottish and Irish Banks for their excess issue shall take the form of any legal tender at that time in existence.

8. *Currency Note Issue.*—We have considered whether steps should not be taken at an early date to impose limitations upon the fiduciary portion of the currency note issue with a view to the restoration of the normal arrangements under which demands for new currency operate to reduce the reserve in the Banking Department of the Bank of England. In view of the fact that demobilisation is approaching completion and that as we hope fresh Government borrowing will shortly cease, we consider that effect should now be given to the recommendation made in our Interim Report that the actual maximum fiduciary circulation in any year should become the legal maximum for the following year, subject only to the emergency arrangements which we proposed in paragraph 33 of our Interim Report.

The policy of placing Bank of England notes in the Currency Note Reserve as cover for the fiduciary portion of the issue as opportunity arises should, of course, be continued. We recommend further that the Treasury Minute made under Section 2 of the Currency and Bank Notes Act, 1914, providing for the issue of currency notes to Joint Stock Banks, which is in fact inoperative, should now be withdrawn.

The Committee wish to place on record their deep sense of obligation to Mr. G. C. Upcott, who served as Secretary to the Committee from the beginning with unfailing zeal, knowledge and ability. They are also greatly indebted to Mr. H. E. Fass, who was appointed Joint Secretary with Mr. Upcott in July, 1919 and rendered important and efficient service in the closing period of the Committee's labours.

We have [etc.]

CUNLIFFE (*Chairman*)
 C. S. ADDIS
 R. E. BECKETT
 BASIL P. BLACKETT
 GASPARD FARRER
 HERBERT C. GIBBS
 W. H. N. GOSCHEN
 INCHCAPE
 R. W. JEANS
 A. C. PIGOU
 *GEO. F. STEWART
 W. WALLACE

G. C. UPCOTT. } *Secretaries*
 H. E. FAZZ.

3 DECEMBER, 1919.

[Enclosure 2]

Question Asked in the House of Commons, Monday, 15th December, 1919

Lieutenant Commander Kenworthy, by Private Notice.

To ask the Chancellor of the Exchequer whether he can state what action he proposes to take on the Final Report of the Committee on Currency.

Answer

I trust that having regard to the importance of this matter, the House will excuse the length of my reply.

*Subject as regards the recommendations of paragraph 7 to the following reservation:—

Having regard to the evidence given by the witnesses from Ireland, the pre-war status should not be restored in Ireland until the Government consider the time opportune.

The Committee reaffirm the views set forth at greater length in their first interim report as to the importance of restoring at the earliest possible moment the pre-war methods of controlling the currency and credit system of the country and re-establishing the free market for gold in London. They point out that the difficulties of the foreign exchange position are aggravated by the grant of loans and credits to enable foreign states to pay for exports from this country when we in our turn have to pay cash for imports of necessities from America North and South, and they recommend that preference be given to exports to countries which are able to make payment in the ordinary course of trade.

The argument as to the exchanges is obviously true and we are fully alive to the importance of this aspect of the question. There are however other considerations arising out of our relations with our Allies and out of the economic condition of Europe to which due weight must be given in particular cases. Subject to the fulfilment of these obligations I agree with the Committee.

The Government further agree with the Committee's view that increased production, cessation of Government borrowings and decreased expenditure both public and private are the first essentials to recovery. So far as I can foresee, the highest point of the National Debt will be reached in the course of the next month or six weeks and I have every hope that thereafter we may be in a position to effect a gradual but steady diminution of the gross debt . . .⁵

Appendix 316⁶

Report of the Finance Committee of the Allied and Associated Governments

In July of last year the Finance Section of the Supreme Economic Council reported that the following questions were outstanding:⁷—

(a.) As regards Germany—

1. The ultimate disposition of the gold delivered by Germany in payments for foodstuffs.
2. The procedure to be followed in the sale of the requisitioned securities transferred to Amsterdam by the Germans, and the division of the proceeds of this sale among the Allied and Associated Powers.
3. Utilisation by the Germans of Argentine securities for German purchases of foodstuffs in the Argentine.

⁵ Omission indicated in the original.

⁶ No mimeograph copy of appendix 316 found in the files; this text is reproduced from a printed copy filed with the minutes.

⁷ See appendix 250, p. 485.

4. Final examination of a proposition made by a consortium of Dutch banks to make an advance for which requisitioned securities would serve as guarantee.
5. Settlement of the French Account: provisioning of Germany by France.
6. Utilisation of proceeds of the sale of lignite briquettes to Switzerland (application of the Agreement of the 25th March).

(b.) As regards Austria—

1. Final settlement of the conditions of the new advance of 3,000,000 dollars allowed by the Government of the United States of America to the three Allied and Associated Powers.
2. Delivery of gold and securities. This delivery was demanded to take place on the 12th July in the case of gold, and on the 31st July in the case of securities.
3. Supervision of the transport of the gold and securities to Venice.
4. Nomination and despatch of experts to Venice to examine the gold and securities.
5. Nomination and despatch of forestry experts to Austria to fix the value of the pledge.
6. Settlement of the Food Accounts among the Allies in consequence of supplies provided by Italy for the account of France and Great Britain.

The Council decided at its meeting on the 20th September that the Finance Section should be liquidated, and that a Finance Committee should be formed which would report not only to the Supreme Economic Council, but also to the Committee on Organisation of the Reparation Commission.⁸ This Committee held its first meeting on the 4th September. This meeting is entitled in the circulated minutes as the twenty-fourth meeting of the Finance Section of the Supreme Economic Council.

The Permanent Committee of the Supreme Economic Council at its meeting of the 6th January requested that the Finance Committee would make a report to the Supreme Economic Council with regard to—

- (a.) A statement of problems which were raised by the armistice concerning ex-enemy countries, and which had been definitely settled.
- (b.) A second part dealing with problems concerning Europe as a whole, which had not yet been completely settled.

I am instructed to submit for the information of the Supreme Economic Council that the Finance Committee is of opinion that, apart from definite references from either of the bodies to whom they were instructed to report, their work was confined to the liquidation of the matters reported as outstanding in the document already quoted.

⁸ See minute 305, p. 561.

The Committee, further, does not consider that general problems concerning Europe as a whole fall within their province, unless a specific request has been addressed to them to study these from a financial point of view. They have therefore not considered the general financial effect of the situation in Russia, nor any of the problems connected with currency reform in one form or another.

Practically the whole of the problems which awaited solution in July last have been transferred to the province of the Reparation Commission, and successful progress has been made under the direction of the Committee of the Reparation Commission, and sufficient funds appear to have been provided for the provisioning of Germany and German-Austria.

Apart from the sanctioning of certain definite contracts between the German Government and the Nestle and Anglo-Swiss Condensed Milk Company and negotiations with regard to the partition of the cost of relief measures amongst the four principal Allied and Associated Governments, the only question concerning the Supreme Economic Council which has been considered by the Finance Committee since its inception has been the German Food Account under the Brussels Agreement. Unfortunately, owing to difficulties in establishing the actual amount of credit due to the German Government for freight on German tonnage as against the debit due for repairs to German ships taken by the Allies under the Armistice Agreement, it has not yet been possible to present a definite account to the German Government. The Committee, however, decided, subject to the approval of the Government of the United States of America, that the German Food Account should be terminated at the date of the coming into force of the Peace Treaty, and that all definite contracts made with the German Government prior to that date should be completed and carried to account, but that no fresh contracts should be included.

The transformation of the Finance Section of the Supreme Economic Council into an independent Finance Committee of the Allied and Associated Governments has proved very successful, in so far that it gives a rapid means of communication between the Treasuries of the principal Allied and Associated Governments, which would not have been possible under its former guise after the withdrawal of the American delegates of the Supreme Economic Council.

JANUARY 30, 1920.

Appendix 317

BOARD OF TRADE, COMMUNICATIONS SECTION (BRITISH),
 SUPREME ECONOMIC COUNCIL,
 23 BUCKINGHAM GATE, LONDON, S. W. 1.

BRITISH SECRETARY, SUPREME ECONOMIC COUNCIL,
Trafalgar House, Waterloo Place, S. W. 1.

I enclose herewith for your information copy of some clear and concise reports on the situation in Vienna which may be of interest to you.

*G. MAXWELL, Colonel,
 For Chairman, Communications Section.*

[Enclosure 1]

To SECRETARY, COMMUNICATIONS SECTION,
23 Buckingham Gate, London, S. W. 1.

The attached extract translation from yesterday's local papers is sent you for information, following my reports of yesterday and to-day.

The Austrian crown has dropped 150 points since the 14th, and last night was standing at 850 to the Pound sterling a depreciation of just on 3400%.

The prospects are fearfully black.

*M. W. BROWN, Lt. Col.,
 British Railway Mission.*

VIENNA, January 16, 1920.

[Subenclosure]

Saving Measures To Take Effect To-morrow January 16th

The following is a sketch of saving measures for the city of Vienna now in course of elaboration.

1. Street railroad traffic will be stopped.
2. The consumption of gas and electric current for Industrial purposes will be forbidden. This measure does not apply to plants engaged in the preparing or making of victuals.
3. Shops will be closed at 3 o'clock. Only shops where food is sold retail are allowed to keep open until 7 o'clock.
4. Private, governmental and municipal offices will be closed at 3 o'clock.
5. Concerts, theatrical performances, conferences, moving pictures, cabarets etc. are forbidden.
6. Elevators for the conveyance of persons will be stopped.
7. This paragraph contains the fines to be applied in case of non-observance of the order.
8. The above measures to take immediate effect.

In an interview the Lord Mayor of the city of Vienna granted to Vienna newspapermen, he said:—

“Never was the situation in Vienna more desperate than it is now. All the promises made to us, absolutely positive though they sounded have not been fulfilled. There are practically no coal deliveries at all to this city. Coal stocks in the municipal electricity works are almost completely exhausted. Under these circumstances the State Office had to issue the economising measures. The orders which so far have not been officially notified to the City Hall affect not only the whole population of this place, but will also have a serious effect on the finances of the city of Vienna. Contrary to the orders issued in September last, the present order decrees the stopping of electric current and gas supply to trade and industry with the only exception of plants indispensable for the provision of the population with food.”

The coal receipts of to-day are eloquent of the desperate situation we are in. Only a few wagons loaded with mineral coal from Ostrau and Upper Silesia arrived here; hardly worth mentioning as these deliveries are, they will altogether cease from to-morrow onward, according to reliable information received from the State Office for Commerce and Industry. The number of cars reported en route to Vienna from Gmuend (Bohemian brown coal) is likewise very small. Deliveries from Poland amounted to 51 wagons which were distributed as follows:—32 gas and electricity works, 8 consumption in Vienna, 11 cars outside the metropolis.

VIENNA, January 16, 1920.

[Enclosure 2]

To SECRETARY, COMMUNICATIONS SECTION,
23 Buckingham Gate, London S. W. 1.

- (1) On my return here the night before last, I find conditions to be worse than ever before.
- (2) The whole trouble again is coal, three main sources of supply having all failed.
- (3) There is a miners' strike in the Ostrau region which could normally be depended on for some 1,100 tons per working day.
- (4) There is a railway strike in Silesia with which country there was a contract for 7,000 tons daily and which actually furnished about 4250 tons per working day.
- (5) Poland has now stated that it has now not enough coal to meet its own requirements, and the normal despatches of 15,000 tons monthly have therefore ceased.
- (6) As from to-morrow the street tram services (there are no buses) close down completely, as also do all theatres and public halls.
- (7) The Town Authorities hope to provide sufficient power to keep street lamps alight, and if they fail to do this there will be very serious trouble.

(8) The Chancellor, Dr. Renner, has just returned from an official visit to Prague, and, according to Mr. Lindley, the High Commissioner, whom I saw this morning, is not happy at the result of his conference with the Czechs.

(9) Another informant tells me that the Austrians were received in an amicable manner and the discussions on the coal supply provided the basis for a renewed contract of which I hope to write to you later.

(10) The strike at Ostrau is naturally going to interfere with this.

(11) With the assistance of Mr. Lindley, through diplomatic channels, I am going to try to divert to the Vienna-Silesia circuit some 400 Pool wagons which hitherto have been conveying coal to and from Poland.

(12) The trains will have to be escorted by British Military for the German Coal Controller in Berlin has advised that otherwise the railwaymen will not allow the wagons to move between the frontier and the pits and vice versa.

(13) These 400 wagons are, of course, an infinitesimal part of requirements, and won't do much to help in the terrible existing situation.

(14) At the same time an effort is being made to release from the Czech-Vienna circuit a number of Pool cars for the Silesian coal which, as you are aware, is always conveyed in German wagons.

(15) I travelled up from Steinbruck with Mr. Marcovie, S. H. S.^{*} representative on the wagon distribution Commission.

(16) He told me that, in view of the Peace Conference ruling on certain points relating to booty wagons put forward by the Commission through the President, Sir Francis Dent, he had asked, when at Belgrade, to be relieved of his post.

(17) There are going to be fresh difficulties there.

(18) I left Marburg by the 2.42 a. m. (twice weekly) through train to Vienna.

(19) The train is timed to stop 2 hours at Spielfeld and 1½ hours at Leibnitz, respectively the S. H. S. and Austrian Control stations.

(20) For no earthly reason but mal-organisation, obvious to the veriest laymen, the train was held at Spielfeld five hours—with an engine in steam all the time of course.

(21) The railways were not to blame—it is all the Customs authorities, and my experience provides no exception to the rule.

(22) A communist dress rehearsal is announced for Sunday next.

M. BROWN, *Lt. Col.*

VIENNA, January 16, 1920

^{*}Kraljevina Srba, Hrvata i Slovenaca (Kingdom of the Serbs, Croats and Slovenes).

[Enclosure 3]

To SECRETARY, COMMUNICATIONS SECTION,
23 Buckingham Gate, London, S. W. 1.

Copy to Hon. F. A. Lindley, High Commissioner, Vienna.

In amplification of my report of yesterday's date—

(1) I understand the following to be a general outline of the discussion which took place in Prague in regard to Czech fuel supplies for Austria.

(2) The original Czech contract (there is a dispute on the word "contract") was for approximately 8600 tons of coal per working day; the actual despatches, while decreasing monthly, may be taken as round about 60% of contract.

(3) The present proposed contract is for 500 ten-ton car loads, or 5000 tons per working day, which is to be distributed in the following order.

- (a) 1200 tons to the gasworks.
- (b) Railways.
- (c) Electricity plant, and
- (d) City of Vienna, i. e. household, soup kitchens &c.

(4) The minimum railway requirements, based on the existing infinitesimal traffic, calls for 3600 tons per calendar day, so that (d) would get nothing at all.

(5) I am told that when it was pointed out by the Austrians that the 5000 tons represented a decrease of nearly 40% compared with the old contract, and when they pleaded for an extra provision for factories and industries, the Czechs replied that it was not for them to supply their competitors with coal, but offered to send some wood instead.

(6) It is calculated that it takes seven times as much rolling stock to transport a unit of timber calorific as that of coal, so that the proposal, in these times, is not very promising.

(7) The Czechs urged strongly their own difficulties for want of coal and I don't suppose that anyone will dispute that this to an extent, is justified, but—

(8) Throughout the autumn, and up to the end of last year, the whole difficulty turned on the supply of availability of wagons; particularly during the Beet season, now just closing, the cry was "send more wagons and you will have more coal".

(9) Now suddenly the scene is changed, and we would be had [led?] to believe that there is not enough coal.

(10) In strict fairness it must be recorded that if the 5000 tons per day could be assured, it would represent a very slight improvement on the average receipt in Austria during the past six months (4600 tons

per day average), but that 4600 tons is enough only to postpone the final collapse of life in this country.

(11) I have not got the official figures by me, but I believe that 5% of output represented Czech despatches to Austria.

(12) One could go on writing reams on the question of coal, but I am sure that you have most of the facts and figures by you, and all I can ask is that you will continue to take every possible opportunity of urging the importance of this country's coal situation on those responsible.

(13) It all comes back to coal, and, practically speaking, coal only.

(14) A good proportion of Austrian Imports are paid for in manufactured articles; their stocks are now fearfully low and without coal they cannot possibly manufacture to pay for coal and food imports.

(15) I am, at the request of Mr. Lindley, making one more big effort to instal oil burning appliances in locomotives, for there is now a little stock of crude oil on hand, and I cannot believe that it would be more difficult to get oil out of Roumania or Poland than coal out of Czecho-Slovakia.

J. M. BROWN, *Lt. Col.,
British Railway Mission.*

VIENNA, January 16, 1920.

Appendix 318

Note by the British Delegation [Regarding] Need of Relief for Christians in Turkey

The situation of Armenian refugees in the Caucasus was discussed at the 31st meeting of the Supreme Economic Council in Rome, and a resolution was passed expressing the concern of the Council at this situation.¹⁰ The United States representative on the Reparation Commission subsequently stated that it had been arranged for the Grain Corporation to send grain, and for the American Red Cross to send drugs for the relief of distress in Armenia. In addition, considerable sums have been raised in America for the relief of the Turkish provinces of Armenia and the Caucasus.

It should, however, in the opinion of the British Delegation, be pointed out that this assistance will not benefit the Christian population of Turkey, i. e. Greeks and Armenians, among whom very serious distress prevails.

Persecution by the Turks has caused many Christians to flee from the interior of Asia Minor to the coast. There are, however, no facilities in the coast districts for providing the necessary accommodation and relief for these refugees. Even in Constantinople, the refugee camps are so over-crowded and so insanitary that typhus is spreading. Conditions in the provinces are still worse.

¹⁰ See minute 336, p. 623.

The resources of voluntary relief are nearly exhausted and are quite insufficient to provide for the Christian refugees, who number several hundreds of thousands. The Turkish Government could give no help, even if it were willing. The only means of assisting these people, who rely entirely upon the Allies for help, is a scheme of relief undertaken by the Allied Governments.

28 JANUARY, 1920.

Appendix 319¹¹

*Report by the Allied Maritime Transport Executive, January 17, 1920
[Regarding] Assignment and Employment of Enemy Tonnage*

I. GENERAL

The decisions relating to the taking over by the Allied Powers of the vessels of the German and Austro-Hungarian merchant fleets during the period of the Armistice were briefly as follows:—

(a.) *Austrian vessels.*—At an Allied Conference held in Paris on the 21st December, 1918, it was agreed that the entire Austro-Hungarian merchant fleet should be requisitioned, on account of the Associated Governments, by the Power or Powers in the best position to put the vessels promptly into service, without prejudice to their ultimate disposition.

(b) *German vessels.*—The terms of the Agreement of the 16th January, 1919, which extended the Armistice with Germany, provided that to ensure the revictualling of Germany and the rest of Europe the entire German merchant fleet should be placed at the disposal of the Allied and Associated Governments for the duration of the armistice, without prejudice to its final disposition.

Further conferences with the German Government took place at Spa on 6th, 7th and 8th February, 1919, and at Trèves on 16th and 17th January, 1919, but it was not until the Conference of the 13th and 14th March, 1919, at Brussels, that the terms of delivery of the steamers were finally settled in the document known as the Brussels Agreement. (For a detailed account of these negotiations and copies of the Agreements, see *Allied Maritime Transport Council, Volume I, Part II, pages 53 to 108.*)

DELIVERY OF VESSELS TO ALLIED MANAGEMENT

The bulk of the Austro-Hungarian tonnage was secured in December 1918 and January and February, 1919.

The first German tonnage came over in March, and deliveries have continued up to date. At the present date 363 vessels, aggregating 1,830,000 gross tonnage, have been taken over.

¹¹ No mimeograph copy of appendix 319 found in the files; this text is reproduced from printed copy filed with the minutes.

ASSIGNMENT FOR MANAGEMENT

The arrangements for the allocation for management of enemy tonnage have been made on the definite understanding that the ultimate disposition of the vessels under the Peace Treaty shall be in no way prejudiced, and each of the Allied and Associated Governments was called upon to make a definite declaration in this sense, including a statement that in discussing the question of the ultimate disposition of the vessels they would not find any argument on the allocation for management or service of the vessels in the meantime.

The principles on which assignments were made to the various Allies are dealt with under the separate headings of Austro-Hungarian and German tonnage (see below.)

The following table shows the exact results to date, but it should be stated that ten German vessels were allocated to America for the repatriation of their troops, and that on the completion of that work these vessels were reassigned among the Allies.

(A).—ASSIGNMENT OF GERMAN AND AUSTRO-HUNGARIAN TONNAGE TO ALLIED MANAGEMENT, JANUARY 1920

Steamers of 500 Gross Tons and Over

	No.	Gross Ton-nage	Dead Weight
Italy—			
Long-distance passenger	15	96,606	95,321
Other passenger (or passenger and cargo)	50	130,748	130,575
Cargo	108	367,267	583,064
Cable	1	2,691	1,000
Total	174	597,312	809,960
France—			
Long-distance passenger	15	121,849	123,816
Other passenger (or passenger and cargo)	20	23,085	• • • • •
Cargo	102	364,426	580,966
Total	• 137	509,360	• • • • •
Great Britain—			
Long-distance passenger	53	532,444	450,762
Cargo	245	1,130,064	1,750,922
Cable	1	4,635	2,000
Total	• 299	1,667,143	2,212,684
Belgium—			
Cargo	11	24,915	30,350
Total	• 11	24,915	30,350
Total assignments—			
Long-distance passenger	83	750,899	660,899
Other passenger (or passenger and cargo)	70	152,833	• • • • •
Cargo	466	1,886,672	2,963,302
Cable	2	7,326	3,000
Grand total	621	2,798,730	• • • • •

* 3 vessels not yet delivered.

• 59 " " " "

* 1 vessel " " "

EMPLOYMENT OF ENEMY TONNAGE

Under the Brussels Agreement it was definitely stated that the first charge on cargo tonnage should be the feeding of Germany up till the 1st September, 1919.

With regard to passenger tonnage it was definitely decided that the first charge on such tonnage should be the repatriation of troops, prisoners of war, etc.

Cargo tonnage which was unsuited for these services was allocated for special merchant or military service in relief of Allied tonnage, chiefly in the Mediterranean and Adriatic.

Outward cargoes and minor diversions were authorised in the interest of the fullest utilisation of tonnage, but subject always to the first charge upon the use of enemy cargo tonnage being, in the case of Austro-Hungarian tonnage, general European relief (excluding Germany) and in the case of German tonnage, German relief.

In August, 1919, the Supreme Economic Council at its meeting in London approved the proposal of the Allied Maritime Transport Executive that, until the decision in regard to final ownership could be made by the Reparation Commission, and subject to the satisfaction of approved relief requirements, if any, enemy tonnage should continue to be directed by the managing country.

In accordance with this decision steps were taken to agree with the Freight Committee of the Supreme Economic Council the exact quantities of relief cargoes which still remained to be carried on the 31st August.

The Allied Maritime Transport Executive accepted liability for the carriage of these cargoes, and allocated tonnage accordingly.

Subject to the satisfaction of these requirements the decision of the Supreme Economic Council has been carried out by the diversion to national requirements of the whole of the enemy cargo tonnage.

It has not, therefore, been necessary to keep detailed records of the employment of enemy ships for a later date than 1st October, 1919.

The following table shows, however, month by month, from May 1st to October 1st, the amount of enemy tonnage in employment:—

EMPLOYMENT OF GERMAN AND AUSTRO-HUNGARIAN TONNAGE

	May 1			June 1			July 1		
	No.	Gross Tonnage	Dead- weight	No.	Gross Tonnage	Dead- weight	No.	Gross Tonnage	Dead- weight
German relief	42	219,000	348,000	86	449,613	715,311	117	577,532	919,911
Other European relief	144	173,000	269,000	74	293,644	446,428	82	332,962	510,498
Allied importing services, chiefly Italian coal	26	132,000	206,000	31	120,624	194,937	20	74,888	120,520
Mediterranean and Adriatic merchant services	39	68,000	79,000	45	81,675	95,953	44	85,670	94,437
Allied military and naval services	69	374,000	373,000	84	501,756	466,751	92	576,535	527,740
Total in active service .	220	966,000	1,275,000	320	1,447,312	1,919,380	355	1,647,587	2,173,106
	August 1			September 1			October 1		
	67	286,934	457,808	44	174,927	277,696	25	95,289	151,168
Other European relief	98	399,166	608,397	28	110,144	190,579	15	63,292	102,248
Allied importing services, chiefly Italian coal	83	432,576	671,635	191	879,531	1,348,611	247	1,112,613	1,710,507
Mediterranean and Adriatic merchant services	47	91,515	100,017	50	100,039	113,411	49	96,983	108,811
Allied military and naval services	96	607,084	....	95	609,920	563,969	97	486,237	....
Total in active service .	391	1,817,275	....	408	1,883,561	2,494,266	433	1,854,414	....

FINANCIAL ARRANGEMENTS

The financial arrangements in regard to hire differ for German and Austrian vessels.

The German vessels were taken over under the Brussels Agreement at net time-charter rates, that is to say, the British Blue Book rate less running costs normally borne by the shipowners. This deduction has to be made as the vessels are run with Allied crews, no German crews being allowed to remain to work the vessels.

The Austro-Hungarian vessels were, however, generally worked by crews from the districts from which the boats came, in view of the fact that the residents in those areas were generally of Allied sympathies. The shipowners were, in such cases, paid gross charter rates based on the Italian Government requisitioned rates less certain deductions representing the interest on capital and the amortisation of the value of the ship.

No special arrangements were made in regard to any profits which might accrue in respect of the running of the passenger vessels, as these vessels were allotted to repatriation services.

The cargo vessels, however, were treated differently, and in their case it was decided that any profits should be placed in a central fund to be disposed of later.

At the meeting of the Supreme Economic Council held on the 30th July, 1919, it was decided that any profits on the work of ex-enemy cargo vessels should be disposed of as follows :—

1. For the period up to the coming into force of the Peace Treaty, the profits of the central fund to be handed over ship by ship to the country to which the vessels are allotted for final ownership.
2. After the coming into force of the Peace Treaty, the managing country to pay a net commercial rate of hire, to be fixed by the Allied Maritime Finance Committee, to the country to which the ship is ultimately allotted for final ownership.

The net rates of hire fixed under (2) were as follows :—

Cargo vessels 18*s.* 9*d.* per dead weight ton per month.
 Oil tankers 20*s.* 6*d.* per dead weight ton per month.
 Sailing vessels 5*s.* per dead weight ton per month.

These rates also apply in certain circumstances for the period prior to the coming into force of the Treaty (see minute of Allied Maritime Finance Committee No. 128).

Similar arrangements were made for passenger vessels for the period subsequent to the coming into force of the Peace Treaty; the rate of hire fixed being 27*s.* 6*d.* per gross ton per month for vessels over ten years old on the date of the coming into force of the Treaty, and 32*s.* 6*d.* for vessels under ten years old on the date of the coming into force of the Treaty.

Under the Brussels Agreement the hire to be credited to the Germans has to be included in the Allied accounts for the supply of food to Germany. There are, however, a number of counter-charges against the German Hire Fund, and although progress has been made it will not be possible to submit a formal statement to the Germans for two or three months.

II. AUSTRO-HUNGARIAN TONNAGE

As already stated it was agreed at the Allied Conference of the 21st December that the Austro-Hungarian Merchant Fleet should be requisitioned on behalf of the Associated Governments by the Power or Powers in the best position to put the vessels into service.

Before this decision had actually been taken a number of Austro-Hungarian vessels had already come under Italian control. The rest of those in the Adriatic and several from the Black Sea were secured very shortly afterwards, and by the end of 1919 all Austrian vessels which have been traced have been taken over, the great majority by Italy and almost the whole of the balance by France.

The Austro-Hungarian merchant fleet consists of more than 200 completed vessels of over 500 tons gross, aggregating nearly 700,000 gross tons, and certain smaller steamers and sailing tonnage amounting to about 25,000 tons.

This tonnage was found to be largely in the Adriatic, but there were about 80,000 tons in Spanish ports, 56,000 tons in the Black Sea, and 30,000 tons in Holland, and a few vessels sheltered elsewhere. The great majority of these vessels have been traced and in regard to the few still untraced it is very probable that they have been lost during the war.

In addition to these completed vessels there were at the time of the Armistice over 100,000 gross tons of vessels under construction in Adriatic ports.

Even including the vessels launched but not completed, the post-war tonnage represents a decline from pre-war figures of more than 25 per cent., this decline being due chiefly to the insufficiency of wartime construction to offset the losses of Allied seizures and by sales to foreign flags.

ASSIGNMENT FOR MANAGEMENT

In accordance with the arrangements made in the Paris Agreement, the bulk of the Austro-Hungarian tonnage was authorised to be requisitioned and managed by Italy. At present the Italians control over 90 per cent. of the Austro-Hungarian vessels, the balance being assigned to France.

In regard to the smaller vessels, it was agreed that the employment of these should be determined locally by the Italian Government. The amount of tonnage concerned is, however, small, probably not more than 25,000 tons of small steamers and a negligible amount of sailing tonnage; about 100 small steamers of 50 net tons and over, aggregating 18,650 gross tons, have been reported by the Italian Government mainly in Adriatic services.

The following table shows the assignment for management of the Austrian vessels over 500 gross tons:

[B] ASSIGNMENT OF AUSTRO-HUNGARIAN TONNAGE TO ALLIED MANAGEMENT,
JANUARY 1920

Steamers of 500 Gross Tonnage and Over

Assignment for Management to—	Total			Passenger or Passenger and Cargo			Cargo		
	No.	Gross Tonnage	Dead-weight	No.	Gross Tonnage	Dead-weight	No.	Gross Tonnage	Dead-weight
Italy	173	594,621	808,960	65	227,354	225,896	108	367,267	583,064
France	31	74,676	106,093	14	23,665	25,125	17	51,011	80,968
Total assigned*. .	204	669,297	915,053	79	251,019	251,021	125	418,278	664,032

*Including 2 vessels (*Cracovia* and *Ombla*) launched and completing assigned to Italy.

EMPLOYMENT

The Allied Conference of the 21st December, 1918, directed that the utilisation of the Austro-Hungarian vessels should be regulated by

the Allied Maritime Transport Council, or by any separate organisation which the Associated Governments might substitute for it; and on the 6th January, 1919, the following principles governing the employment were adopted by the Transport Executive in London, subsequently being confirmed by the Supreme Economic Council:—

1. That suitable passenger vessels should be allotted for the repatriation of troops and prisoners of war, the latter service having priority.
 2. That cargo vessels should be put in the food programme, a small number of the largest vessels being sent to Australia, and the remainder of the larger vessels being sent to the North Atlantic, and those unsuitable for the North Atlantic being sent to South America.
 3. Vessels too small to be sent on distant work should be left in the Adriatic or Mediterranean for trooping and supply work.

The vessels which were deemed suitable for long distance work were used for general European relief requirements (other than German relief), and loaded and discharged under the direction of the Freight Committee of the Supreme Economic Council.

As already stated, the Supreme Economic Council decided in August 1919 that, after the fulfilment of approved relief requirements, these vessels were to continue to be managed by the country to whom they had been assigned, until such time as the Reparation Commission may have decided as to their final ownership. They are now, therefore, being run as though they were in fact part of their national merchant fleets.

The following table shows the amount of Austrian tonnage employed month by month in relief and other services:—

EMPLOYMENT OF "AUSTRIAN" TONNAGE

	May 1			June 1			July 1		
	No.	Gross Tonnage	Dead weight	No.	Gross Tonnage	Dead weight	No.	Gross Tonnage	Dead weight
German relief							3	7,367	11,275
Other European relief	42	168,000	260,000	70	283,216	428,878	75	309,707	472,849
Allied importing services	8	20,000	47,000	9	36,059	56,979	10	35,523	58,284
Mediterranean and Adriatic merchant services	39	68,000	79,000	45	81,675	95,953	44	85,670	94,437
Allied military and naval services	49	170,000	195,000	49	154,255	177,433	45	131,750	154,753
Total in active service	138	435,000	581,000	173	555,205	759,243	177	570,022	791,598

	August 1			September 1			October 1		
	4	9,688	14,799	7	20,402	31,849	7	21,906	35,388
Other European relief	80	332,013	502,843	10	37,797	61,305	5	20,571	33,000
Allied importing services . . .	10	39,232	62,689	77	328,908	490,275	82	341,693	511,521
Mediterranean and Adriatic merchant services	47	91,515	100,017	50	100,039	113,411	49	96,983	108,811
Allied military and naval services	44	125,945	145,892	39	101,667	115,382	42	121,509	143,467
Total in active service . . .	185	568,393	826,240	183	588,813	812,222	185	602,664	832,187

III. GERMAN TONNAGE

In round numbers, including damaged vessels in South America and elsewhere which are not yet available for use, and vessels under construction, the Fleet may be stated at 3,200,000 gross tons of steamers of 500 gross tons and upwards. There are, in addition, at least 150,000 gross tons of smaller steamers, and probably 200,000 gross tons of sailing vessels. Including vessels launched and completing, this tonnage represents a net decrease of about 30 per cent. on the pre-war figures, or about 1,500,000 tons on a pre-war total of about 5,000,000 gross tons. This decline was partly due to sinking by war or marine risks, but more largely to the fact that Allied captures and seizures, together with purchase and requisitioning by neutrals, materially exceeded the war-time construction of less than a million tons.

At the Conferences held in Brussels and Rotterdam it was agreed with the Germans that the following provisional exceptions should be made:—

- (a) Sailing vessels.
- (b) Tankers.*
- (c) Certain vessels engaged in supporting German forces in Eastern Europe.†
- (d) 50 per cent. of the vessels between 1,600 and 2,500 gross tons.
- (e) All vessels of less than 1,600 tons gross.‡

ASSIGNMENT FOR MANAGEMENT

France.—The Allied Maritime Transport Council decided that sufficient German cargo tonnage should be assigned to France to give her the management of a total of 600,000 tons dead-weight of enemy cargo tonnage, and, further, that France should receive 75,000 gross tons of the first 700,000 gross tons of German long distance passenger vessels.

America.—The United States undertook the management of 10 large passenger vessels for use in connection with the repatriation of the troops.§

*This exemption was revoked by the Supreme Economic Council at its meeting in Brussels, September 1919, and the vessels have since been delivered. [Footnote in the original.]

†These vessels were delivered by the Germans on the completion of the service for which they were originally provisionally exempted. [Footnote in the original.]

‡Certain vessels of less than 1,600 gross tons which lay in neutral ports were taken over by the Allied Governments, and the Germans were allowed to retain an equal amount of tonnage of vessels between 1,600 and 2,500 tons, which would otherwise have fallen into the Allies' 50 per cent. of this size. [Footnote in the original.]

§This repatriation finished in August last, and the vessels have now been reallocated, nine to Great Britain, and one to France, and they will be available for use in the near future. [Footnote in the original.]

Italy.—The claims of Italy to enemy vessels being fully met by the Austro-Hungarian tonnage assigned to her management, no German vessels were assigned to her with the exception of one cable ship.

Belgium.—Eleven vessels, aggregating 25,000 tons were assigned to Belgium.

Great Britain undertook the management of the balance of the German vessels.

The following table gives full details of the tonnage of the German merchant marine, and shows how this has been divided between the Allies for management:—

(C).—ASSIGNMENT OF GERMAN TONNAGE TO ALLIED MANAGEMENT, JANUARY 1920
Steamers 500 gross tons and over

Assignment	No.	Gross Tonnage	Dead Weight
Long-distance passenger—			
France	14	114,213	113,706
Great Britain	53	532,444	450,762
Total	67	646,657	564,468
Other passenger—			
France	7 ^a	7,056	.....
Total	7	7,056	.....
Cargo—			
France	85	313,415	499,998
Great Britain	245 ^b	1,130,064	1,759,922
Belgium	11 ^c	24,915	39,350
Total	341	1,468,394	2,299,270
Cable ships—			
Italy	1	2,691	1,000
Great Britain	1	4,635	2,000
Total	2	7,326	3,000
Total assignments—			
Italy	1	2,691	1,000
France	106 ^d	434,684	.....
Great Britain	299*	1,667,143	2,212,684
Belgium	11 ^f	24,915	39,350
Total assigned	417	2,129,433	.....
Vessels under construction (approximate)	69	440,000	.....
Unassigned and undelivered	437	597,556	.....
Total (approximate)		3,200,000	.....

* No information available as to dead weight.

b Including 2 vessels total loss since delivery.

" 1 vessel " "

^a 3 vessels not yet delivered.

* 50 " " " "

1 vessel " " "

DELIVERIES OF GERMAN VESSELS

The delivery of the German vessels began in March, and by the end of April 156 vessels had been taken over. Vessels continued to be handed over by the Germans, 44 in May, 54 in June, 24 in July, 37 in August, and 19 in September.

The total number of vessels delivered to date is 363, aggregating 1,830,235 gross tons.

EMPLOYMENT

The following table shows month by month, from May to October, 1919, the employment to which this tonnage was allocated:—

EMPLOYMENT OF "GERMAN" TONNAGE

	May 1			June 1			July 1		
	No.	Gross tonnage	Dead-weight	No.	Gross tonnage	Dead-weight	No.	Gross tonnage	Dead-weight
German relief	42	219,000	348,000	86	449,613	715,311	114	570,165	908,636
Other European relief	2	5,000	9,000	4	10,428	17,550	7	23,255	37,649
Allied importing services, chiefly Italian coal	18	103,000	159,000	22	84,505	137,958	10	39,360	62,236
Mediterranean and Adriatic merchant services . . . . .	.....	.....	.....	.....	.....	.....	.....	.....	.....
Allied military and naval services	20	204,000	178,000	35	347,501	289,318	47	444,785	372,987
Total in active service . . .	82	531,000	694,000	147	892,107	1,160,187	178	1,077,565	1,381,508
August 1									
German relief	63	277,246	443,009	37	154,525	245,847	18	73,383	115,780
Other European relief	18	67,153	105,554	18	81,347	129,274	10	42,721	69,248
Allied importing services, chiefly Italian coal	72	393,344	608,996	114	550,623	858,336	165	770,918	1,198,986
Mediterranean and Adriatic merchant services . . . . .	.....	.....	.....	.....	.....	.....	.....	.....	.....
Allied military and naval services	52	481,139	.....	56	508,253	448,587	55	364,728	.....
Total in active service . . .	205	1,218,832	.....	225	1,204,748	1,682,044	248	1,251,780	.....

Appendix 320

Note by the French Delegation on the Employment of Enemy Tonnage and the Reconstruction Requirements of the Regions Devastated by the War

The French Government sees, not without emotion, that the American Delegation on the Reparation Commission proposes to suspend the repartition of enemy tonnage pending the elaboration of a plan of relief for Central Europe and that the British Foreign Office is occupying itself actively with the question of food supplies for Turkey and Armenia, without any question at any time of the urgent needs of the regions devastated by the war.

However, a clear distinction should be made between relief and the reconstruction of devastated regions; relief is a charitable work, voluntarily undertaken under the influence of lofty ideas by certain States on behalf of certain other States. It is the work of the States who take part in this relief to furnish the necessary tonnage by a priority on their own national tonnage proportioned for their total resources.

The reconstruction of the devastated regions, on the contrary, is a sacred obligation, solemnly recognised by the Treaty of Peace.

Not only has this obligation been imposed upon the enemy, but all the signatories to the Treaty and members of the League of Nations have recognised it on many occasions, especially in Article 23 (e).

The French Government is raising the question before the Reparation Commission, but it also desires to ask the Supreme Economic Council that before proceeding with the repartition of enemy tonnage consideration will be taken of the needs of the devastated regions.

As a matter of fact the Supreme Economic Council has been charged since January 1919 with the study of all temporary measures which will eventually facilitate the reconstruction of these regions. Moreover, in so far as the enemy ships have not been definitively placed under the control of the Reparation Commission, they remain under the control of the Supreme Economic Council.

The French Government considers it right that before any repartition, and for the purpose of taking into account reasons of equity and right which exist for everyone, a contribution should be envisaged for the profit of all the devastated countries to ensure them a certain modicum of enemy tonnage. This contribution should be considered as follows:—

1. Execution of a joint programme according to the formula employed during the war. It might be asked whether this method is compatible with the tendencies of the moment.

2. Temporary or definitive attribution of supplementary tonnage to each of the States whose territories have suffered from the operations of the war, in due proportion to the loss caused.

3. Any other method by which the States which are members of the League of Nations may participate in supplementary transport assigned to devastated States, and that under conditions which take account of the difficulty which these States experience in obtaining foreign currency.

FEBRUARY 4, 1920.

Appendix 321¹⁸

Memorandum by the Allied Maritime Transport Executive [Regarding the] Dissolution of the Allied Maritime Transport Executive

The Allied Maritime Transport Executive was formerly the Executive of the Allied Maritime Transport Council, a body which was responsible for co-ordinating the policy of the Allied and Associated Governments in shipping matters during the war. It was situated in London. After the Armistice, however, the need for the Com-

¹⁸ No mimeograph copy of appendix 321 found in the files; this text is reproduced from printed copy filed with the minutes.

mittee became less urgent, and in March 1919 the Allied Maritime Transport Executive was re-constituted as a section of the Supreme Economic Council, to sit in London and deal with the administration of enemy tonnage and the provision of tonnage for relief. These duties included the allocation for management of enemy vessels handed over under the Armistice Agreements and the supervision of their use.

In July 1919 it was decided that the Allied Maritime Transport Executive should, in future, refer for final decision to the Organising Committee of the Reparation Commission all questions of enemy tonnage relating to Reparation. In the same month it was also decided by the Organising Committee to ask the Allied Maritime Transport Executive to prepare a plan for the division of the ships, and collect all statistical information which might facilitate the work of the Reparation Commission when constituted.

The Reparation Commission have also recently informed the Germans that, until further notice, all deliveries of vessels are to be made to the Executive.

It will thus be seen that the duties of the Allied Maritime Transport Executive were of two kinds:

- (a) Relating to the supervision of enemy tonnage time-chartered from the Germans during the Armistice period; and
- (b) Preparatory work performed on behalf of the Reparation Commission.

With the coming into force of the Peace Treaty, the Armistice arrangements ceased, and the vessels are deemed to have been automatically transferred to the Reparation Commission. The supervision, therefore, of the vessels similarly passes to the Reparation Commission. Correspondingly the preparatory duties of the Allied Maritime Transport Executive cease, and the shipping work of the Commission is handed over to the Shipping Section recently formed.

It was therefore decided, at a meeting of the Allied Maritime Transport Executive held on the 4th February, 1920, to propose to the Supreme Economic Council that the Executive should formally be disbanded and that all correspondence and records should be handed over to the Reparation Commission.

The Allied Maritime Finance Committee was instituted, by a decision of the Supreme Economic Council in March 1919, to deal with the question of the finance of enemy tonnage. Initially it consisted of representatives of the United States, Great Britain, France and Italy. To these subsequently a Belgian representative was added in July 1919.

The enemy vessels dealt with were, if German, taken over under the Brussels Agreement, which required that hire should be paid to

the Germans for their use at net time-charter rates based on British Blue Book rates. The Austrian vessels were taken over by agreement between the Austrian owners and the Allied Governments.

The work dealt with by the Committee may be summarised as follows:—

- (a) Fixing the net rates of hire to be paid to the Germans.
- (b) Agreeing with the Germans the various charges for repairs, etc., and for the disposal of cargoes on the ships taken over.
- (c) Fixing all freights for relief purposes.
- (d) Disposal of the profits of running the vessels.

Strictly speaking the work, up to the date of the coming into force of the Peace Treaty, is a matter for the Supreme Economic Council alone, as the ships were hired by individual Allied Governments from the German Government or Austrian owners, and the arrangements had nothing to do with the Reparation Commission. Subsequent to the coming into force of the Treaty, the German ships are deemed to have become the property of the Reparation Commission, and therefore their financial arrangements are entirely a matter for that Committee.

It is, however, exceedingly difficult to separate the work into two water-tight compartments. For example, the Germans could not be asked to discuss perhaps part of a voyage with one Committee and the remainder of the voyage with another. Indeed, seeing that the vessels were handed over by the Germans to the Supreme Economic Council, and were taken from the Supreme Economic Council by the Reparation Commission without having in the meantime reverted to German control, it will be necessary, for the purpose of valuing the ships, to take into consideration the history of each boat from the time that it first came under Allied control. The future of the Allied Maritime Finance Committee was recently discussed by the Chairman of the Allied Maritime Transport Executive with representatives of the Reparation Commission, and at least one delegate took the view that it was essential that for the future the Committee should be responsible to the Reparation Commission. It was finally decided that, in view of the difficulties of the situation, a report should be prepared for submission to the Reparation Commission in regard to the future of the Allied Maritime Finance Committee. The Allied Maritime Transport Executive, at its Meeting of the 4th February, 1920, decided that this report should be forwarded simultaneously to the Supreme Economic Council and the Reparation Commission.

Appendix 322¹⁴*Report of the Communications Section, January 1, 1920*

SITUATION AT THE COMMENCEMENT OF 1919

1. The chief effect of the great war was to destroy communications in all their forms, material damage to waterways and Railways being very considerable. This damage had all to be repaired. In addition to this, the heavy use to which waterways and railways were put resulted in serious depreciation in the river craft and rolling stock, and very large numbers of craft, locomotives and wagons are out of use from this cause. The restoration of communications was vital for the resumption of normal conditions and the stabilisation of the internal situation in all countries, and was immediately necessary to assure the quick and safe transport of the food relief organized by the Supreme Economic Council.

PRINCIPLE OF COMMUNICATIONS SECTION, SUPREME ECONOMIC COUNCIL

2. The Communications Section is a consultative body and co-ordinates the voluntary efforts of the various Allied Powers who are assisting in the re-establishment of normal conditions in Europe. The Section has no executive powers and exercises its functions through the missions by personal influence and mutual arrangement with the Administration concerned. It has worked on the principle that, in view of the serious communications situation in Central Europe, assistance from any quarter was to be welcomed in the general interest, that it should support and not supplant the local administration, and that its functions would cease as soon as the new local administrations had made good, had adopted normal international relations, and had inspired sufficient confidence to enable them to meet their essential requirements through commercial channels.

GENERAL RÉSUMÉ OF SITUATION

3. In the first period the lack of suitable materials for repairs to rolling-stock and river craft was the limiting factor in the work of reconstructing this material, but as a result of relief credits (both for the direct purchase of materials and tools and for the transfer of surplus army railway plant and material) the situation in this respect is somewhat improving in Central Europe.

The disorganisation of administration, due to the splitting up of railway systems, and in some cases to wholesale change of personnel, is being slowly overcome, and the position of transportation now de-

¹⁴ No mimeograph copy of appendix 322 found in the files; this text is reproduced from printed copy filed with the minutes.

pends very largely on the improvement of political relations between adjacent countries and on the labour question. River craft and rolling-stock are not really very deficient in numbers for present requirements if only the ones out of service could be repaired and brought into service, and if better use were made of existing stock both within the States and by co-operation between States.

Another point in the actual working of rivers and railways is the coal situation. It is essential that sufficient coal of suitable quality should be allotted to this purpose.

Much has been done, but much remains to do, and to sum up, what is now required in the new States of Europe is:—

- (1.) An early ratification of the Peace Treaties and good-will between countries.
- (2.) A suitable coal allotment.
- (3.) Workmen to work.
- (4.) In some countries an improved administration.
- (5.) Credits, firstly for raw material and tools to repair locomotives, craft and wagons, and secondly for new locomotives and wagons.

For some time to come efforts will have to be concentrated on meeting the immediate situation, but early arrangements for locomotives overhaul and construction on a large scale will be necessary in practically every country if the period of reconstruction is not to be delayed for several years.

4. The Communications Section was formed as a result of the report, of date the 22nd February, 1919,^{14a} of a special Sub-Committee appointed by the Supreme Economic Council, which met on the 20th and 22nd February.

In this report, which outlines the general transportation situation in Eastern Europe and the proposed functions of the Communications Section, an inter-allied credit of £20,000,000 was recommended to enable the minimum assistance necessary to be rendered until essential requirements could be met through the ordinary trade channels, which it would be the object of the Communications Section to encourage.

Although the functions of the Communications Section are economic rather than military, it was agreed that the existing military organisation alone possessed the facilities for prompt and effective action.

The Supreme Economic Council adopted the report of the special Sub-Committee of [on?] the 25th February, 1919, and authorised the Communications Section to proceed as far as possible prior to the allotment of funds.

5. The Communications Section has held forty-four meetings to date.

^{14a} Appendix 11, p. 28.

It consisted at first of representatives of America, Great Britain, France and Italy, with a representative of Marshal Foch attached. Since that date a Belgian representative has been nominated, and a representative of the British Naval Section, and a financial representative from the French Foreign Office have been attached.

DUTIES

6. The work of the Communications Section consists in:—

(a.) The organisation and co-ordination of the necessary urgent assistance for the maintenance and improvement of the existing port, railway, inland waterway and telegraphic facilities in Central and Eastern Europe, with a view to the earliest possible return to normal conditions.

(b.) The apportioning of the necessary action between Allies, with a view to the most effective solution of the above problem.

(c.) The organisation of the immediate despatch of the necessary Technical Missions.

(d.) The expediting of supply of essential materials, whether out of Government credits or by encouraging commercial supply from any source.

(e.) Taking action where necessary through the naval and military authorities for improvement of economic communications.*

(f.) The arranging of safe transport for relief goods.*

(g.) Reporting on any technical communication question referred to the Communications Section by the Supreme Economic Council.

(h.) Encouraging preparation of useful elementary statistics by all the States of Central Europe which are being assisted, and preparing comparative records of the same.

7. The principle followed has been for Allied Missions to be sent to every country assisted, but that in each case one Ally should be charged with the necessary local executive action.

8. The relations between any separate Mission sent out by the Supreme Economic Council and an existing Military Mission under the High Command have been defined as follows:—

“When the Military Mission exists under the High Command its relations with the Technical Mission of the Supreme Economic Council will be the same as its relations with the civil organisation concerned, to assist which is the duty of the proposed Mission.”

The Technical Missions report to and receive instructions from the Communications Section of the Supreme Economic Council through the channel laid down by the Power responsible for executive action.

*NOTE.—The Communications Section is not responsible for the forwarding, custody or handling of any consignments. [Footnote in the original.]

9. The Inter-Allied Technical Communications Mission at present in existence and the general situation in each country assisted are as follows:—

POLAND AND BALTIC PROVINCES

This mission is under the executive presidency of Lieut.-Colonel Graham of the British army.

(a) Poland.

The transportation situation in Poland continues to improve and is, generally speaking, better than in the other new States.

A credit allotment out of relief funds for £500,000 was made available for Poland. Full reports were prepared by the Mission with lists of material of primary urgency, consisting chiefly of material and tools for repairs to locomotives, of which about 50 per cent. were out of repair. Considerable quantities of this material have been delivered to Poland via Dantzig, and orders have been placed for the balance of the material, delivery of which should be effected shortly. The Poles have made determined efforts to re-organise their railways despite many difficulties, and the result of this and the arrival of this material has reduced the locomotives out of repair to about 30 per cent.—a very considerable improvement. It is hoped that this improvement will encourage overseas commercial enterprise to assist in financing further development, including the provision of locomotives and rolling-stock.

One hundred locomotives out of the Armistice Pool have been delivered to Poland, and about 1,900 wagons out of 2,000 promised. The other 100 are in course of delivery.

In addition to railway work, this Mission has the task of assisting in the re-organisation of the waterways of Poland, and a technical waterways expert is attached to the Mission to work in liaison with the Naval Mission.

The continuance of Military operations in Poland is unfortunately very detrimental to the quick improvement of the economic situation as regards transportation, and the amount of military traffic which is essential to these operations hampers the civil traffic considerably. This, however, is unavoidable.

Despite all these difficulties the transportation situation continues to improve.

The latest figures for rolling-stock in service are:—

Locomotives	70 per cent.
Wagons	90 per cent.

(b) *Baltic Provinces.*

The transportation situation in the Baltic Provinces is chaotic.

In the present political confusion ordered railway administration is an impossibility. No relief credits for transportation have been arranged, and with the exception of thirty Armistice locomotives supplied to Lithuania little help has been given to the railways of these provinces. Statistics are almost entirely lacking, but it is known that a great shortage of all kinds of rolling-stock exists, and that a great many materials of primary importance are entirely lacking. The countries are not without resources, but the political situation has hitherto precluded any commercial credits for the re-establishment of communications.

Spare parts and material to the value of about half a million would go a long way to starting repairs and getting all transportation on its legs again, as the necessary personnel is available locally.

VIENNA MISSION

10. This mission is a recent combination of the following Missions:—

The Adriatic Mission, original American Presidency.
 Austria-Hungary, original Italian Presidency.
 Czecho-Slovakia, original American Presidency.
 Jugo-Slavia, original American Presidency.

The whole mission is under the presidency of Major Favrogossa, the Italian member.

ADRIATIC MISSION

11. The first Inter-Allied Communications Section Mission to be authorised was the Mission to control the through railway service from the south for the relief of the States of the old Austro-Hungarian Empire. The responsibility for executive action of this work was allotted to the Americans, and the head of the Mission was Lieutenant Colonel Causey, United States army, with headquarters at Vienna, the instructions to whom were adopted on the 11th March. The powers of this Mission were defined by a special decision of the Supreme War Council.^{14b} Much useful work has been done and the "goods" have been delivered despite many difficulties in port and railway services. The initial programme of relief was completed some months ago, though consignments of cattle for Jugo-Slavia continue to arrive, for which careful organisation is required to enable the stocks to be sent to their destination alive and fit. There is still a good deal of advisory work to be done in connection with trains of all sorts from the ports to the interior, as well as the arranging with the various Governments for the passage of rolling-stock across the frontiers.

^{14b} See BC-46, minute 4 (b), vol. iv, p. 261.

The attached charts (Annexes 1 and 2)^{14c} show the tonnage of relief despatched from Fiume and Trieste since the Mission started working on the 7th March up to the end of June. The decrease shown on the curve is due to the opening of the Elbe, which obviated the long railway haul from the south. The Adriatic Mission has now absorbed the old Austria-Hungary, Czecho-Slovakia and Jugo-Slavia missions, and has become the present Vienna Mission.

AUSTRIA

12. This country is in a bad way. The large workshops are still well equipped and can afford to repair locomotives and wagons for other countries as well as their own, but the whole crux of the situation here is coal. Attention has been called to this fact, and it is known that at any moment there may be a total collapse of transportation unless coal is provided for the railways. Express trains, and even main line trains have ceased to run regularly, and lately, for certain periods, all passenger traffic has been suspended. It is vital that a regular supply of coal for the working of the Austrian railways should be allocated separately from the country's other needs from the output of Poland, Silesia or Czecho-Slovakia.

The activities of the local Mission are mainly confined to assisting in the movement of coal and foodstuffs to Austria. The assistance rendered generally takes the form of making the arrangements with the neighbouring States and engendering good will, and assisting in the arrangement of contracts and the execution of same. No material assistance in transportation has been given to Austria. A proposal by the Communications Section that France, Belgium and Great Britain should each contribute 1,500 wagons to Austria for her urgent requirements was not acceptable to the three Governments concerned, but the matter is still under consideration.

Locomotives are plentiful, but material for repair is not being replaced, and the country is very short of wagons. Latest figures fit for service:—

Locomotives	63 per cent.
Wagons	67 per cent.

HUNGARY

13. The position of this country under Bolshevik rule was not as bad as might have been expected, and there were indications that matters might have improved readily under a settled political régime.

The figures of rolling-stock have been carefully considered with a view to the actual requirements, and the same remarks as regards assistance, both moral and material, apply as in the case of Austria.

^{14c} Post, pp. 735 and 736.

The quantity of locomotives and wagons is not now sufficient for the country's necessities, owing to the sequestration by Roumania of large numbers of both.

Latest figures fit for service:—

Locomotives	27 per cent.
Wagons	76 per cent.

CZECHO-SLOVAKIA

14. This state is better off than many others, as it has its own coal supply, and has a fair supply of rolling-stock and workshops in more or less working order.

The representatives of the Communications Section are active in assisting in the transport of coal and arranging with the neighbouring Commissions for the running of trains under the existing contracts, the exchange of stock, &c. Ninety-two locomotives have been sent to Czecho-Slovakia from the Armistice Pool. Negotiations have been proceeding between the French Ministry of Finance and the Government of Czecho-Slovakia, with a view to the latter purchasing 1,500-2,000 Armistice wagons in good running order, to be used solely on coal traffic between that country and Austria, as well as the steel parts for 2,000 American wagons, the bodies of which would be built in Czecho-Slovakia.

An arrangement by which Czecho-Slovakia was to repair Armistice wagons for France and keep a proportion in payment has been found not to work well, as practically all the repairs needed to Armistice wagons are to running parts.

Arrangements have been concluded for Austria to supply locomotives and for Hungary to supply rolling-stock for the delivery of coal to Vienna and Budapest respectively.

The statistics available are very incomplete, but it would seem that Czecho-Slovakia is in a fair way to work out its own salvation, and it should only be a question of time for the transportation situation to be put on a sound basis, especially with an improvement in political relations with neighbouring States.

Latest figures fit for service:—

Locomotives	62 per cent.
Wagons	88 per cent.

JUGO-SLAVIA

15. In the beginning the executive action on transportation questions in Jugo-Slavia was undertaken by America, which was represented by Major McKennet, with headquarters at Belgrade. Detailed lists for immediate urgent requirements, as well as prospective total requirements, are available in the Secretariat for the railways of Jugo-

Slavia. On the withdrawal of the Americans from the Communications Section Lieutenant-Colonel Jordan Bell of the British army took charge.

Owing to the almost complete destruction of practically the whole of the railway system in Serbia, including the telegraph and signalling installation, an enormous amount of reconstruction has been necessary in this country. Work was delayed through lack of survey instruments. Progress, however, has been marked, and with the completion of the Save Bridge on the 4th October all railway lines are now through, though several of the bridges are only temporary wooden structures.

The country should make every effort to develop its coal resources, as the coal supply is certain to be a great difficulty. Cross frontier interchange has not up till now been working well, owing to difficulties as to agreements with neighbouring States. There are reported to be ample wagons and sufficient locomotives in the country, but the outstanding needs are materials, tools and spare parts for their repairs.

Most of the 1,080 kilometres of standard-gauge track have up to the present been restored to operation, but the newly constructed tracks will only be suitable for slow traffic for some time to come.

Heavy repairs to locomotives and rolling-stock will be seriously impeded until the shops at Nish are reopened. The necessary plant for doing this is being dispatched from American Army stocks in France.

It was largely due to the timely aid of Colonel Jordan Bell that the railway bridge over the Save river at Belgrade was completed and opened to traffic on the 13th October, 1919, just two hours before the floods washed away the false work. This was the last remaining link to be repaired on the Paris-Constantinople line, and it is hoped that the lines will soon have settled sufficiently to allow the Simplon-Orient Express to run direct to Constantinople.

A credit of £40,000 for urgent telegraph, telephone and survey material was allotted out of relief funds for Serbia. All this has been placed on order, and a considerable quantity is in course of delivery.

There are, as yet, no reliable statistics for Old Serbia, but a large amount of information is available for the rest of the railways of Jugo-Slavia.

ROUMANIA

16. In Roumania the position is not very satisfactory. Labour is disturbed and the trains do not run regularly. A relief credit of £500,000 was voted for Roumania, and about £300,000 has been spent. Up to the end of December 1919 all supplies to Roumania were stopped by decision of the Supreme Council. This embargo has now been removed. Further lists are available of material required. One hun-

dred Armistice locomotives were destined for Roumania, and up to the time of the embargo sixty-three had been delivered. The number will not now be completed, as all undelivered Armistice locomotives have been called back into the pool for reparation. The principal needs would appear to be closer co-ordination of the railway administrations of Old and New Roumania, and a thorough reorganisation, with extensions and new construction, of the locomotive and wagon repair shops.

No Inter-allied Mission has been formed in Roumania. There is, however, a British Railway Mission, now under Lieutenant-Colonel G. Walton, and a Railway Section of the French Mission.

Such statistics as are available are not considered very reliable, but the figures for Old Roumania show bad conditions and a deplorable state of affairs.

Latest figures fit for service:—

Locomotives	29 per cent.
Wagons	57 per cent.

17. French Missions have operated alone in:—

Bulgaria—

Locomotives	37 per cent.;
Wagons	56 per cent.; fit for service.

Greece—

Locomotives	76 per cent.;
Wagons	86 per cent.; fit for service.

Turkey in Europe;

and have furnished the statistics which are published for Bulgaria and Greece.

TRANS-CAUCASUS

18. The Railways in the Trans-Caucasus were controlled by a British Military Technical Mission under General Brough. In September 1919 this Mission was withdrawn by the War Office and has not been replaced. The railways are in a lamentable condition, and there is no organization; there is no confidence between Georgia, Armenia and Azerbaijan. A working agreement between these three which was on the point of being established fell through on the departure of the British Mission. If the task were undertaken it would be essential to provide considerable credit for spare parts and material for repairs to locomotives and rolling-stock; without such a credit of at least £100,000 a Mission would be useless.

19. It must not be forgotten that Russia, sooner or later, under whatever form of Government may eventually be recognised, will require assistance in reorganisation, and in the provision of essential

material necessary for the repairs to locomotives, rolling-stock and craft.

From the information it has been possible to collect the state of transportation in Russia, as a whole, is lamentable.

The length of line in operation at the beginning of 1917 was 64,000 versts. In October 1918 this had dropped to 22,000 versts. Out of an original 20,000 locomotives there were said to be only 4,500 in working condition at the end of 1918, and it was thought probable that a further 1,500 of these would have become unfit for use by the middle of 1919. The repair of locomotives was reported to have decreased from 559 in 1916 to 396 in 1917, and 80 in 1918. It was reported that the Soviet Government hoped to get the workmen to repair 700 or 800 during 1919, but under the existing conditions it was not probable that a greater quantity of locomotives than were repaired in 1918 could be dealt with.

The situation in wagons was very little better than that of the locomotives. No definite figures are available, but the Bolshevik Minister of Communications stated to a reliable Danish Red Cross official at the beginning of March 1919 that 80 per cent. of the rolling-stock in Russia was unusable. This situation led the Bolshevik Government to draw the conclusion that it would be necessary to resume the system of piece-work, and from their recent military movement it would appear that some such measure (or possibly reported system of forced labour) has prevented further deterioration.

20. In the Don and Caucasus a strong Railway Section under Colonel Hull was attached to the British Military Mission in March 1919 for the purpose of advising General Denikin on railway matters.

The Communications Section has never been represented in South Russia, and thanks are due to the British War Office for all the information available. This information is extensive, and is all contained in able reports by Colonel Hull. Briefly, the situation is as follows:—

- (1) Shortage of locomotives.
- (2) Shortage of wagons.
- (3) Complete lack of material for repairs.
- (4) Complete demoralisation of workmen.
- (5) Inadequate workshops to cope with reconstruction.
- (6) Lack of suitable machinery.
- (7) Lack of fuel.
- (8) Complete lack of organisation.
- (9) Incapacity of officials.
- (10) Bribery and corruption rampant.

With the advance of Denikin's army more and more area came under the control of this Railway Mission, but with the recent developments all the reports will be out of date. Even should the country be retaken once more, conditions will have changed and no doubt further damage will have been done.

A credit of £1,000,000 was provided by the British Government: £500,000 for railway stores, £500,000 for equipment, clothing and medical stores for the railway staff. A great deal of these stores had been delivered.

RIVER NAVIGATION

21. *Danube*.—This river is treated as a separate subject owing to its vast importance and the number of States which it serves.

The question of facilitating the transportation of relief and commercial consignments on the Danube was raised on the 23rd April by Colonel Logan of the United States army, and as a result the Supreme Economic Council authorised the formation of a temporary Inter-allied Commission, working under the orders of the High Command. The Commission, consisting of representatives of Great Britain, France, United States of America and Italy, was duly formed under the presidency of Admiral Troubridge, R. N. Briefly its functions were:—

- (a) To facilitate the circulation of relief and commercial barges.
- (b) To collaborate with the Communications Missions established in the riparian States, in taking any necessary action to assure the upkeep of the boats and the supply of fuel and lubricants.
- (c) To improve as quickly as possible the means of communication and liaison between the commandants of the three sections into which the river is at present split up for executive military purposes.

This provisional Danube Commission has done very good work in opening a limited traffic and in keeping it moving on the river, as well as in clearing channels through Hungarian waters of mines, &c., after the fall of the Bolshevik Government supervising the service at the Iron Gates Section, with the result that navigation can now take place along the whole navigable length of the river. The limiting factors are too little coal and too much politics.

Under the Peace Treaty an International Commission is to be formed to administer the whole of the Danube above the sphere of the existing European Commission.

Invitations were therefore recently sent, by order of the Supreme Council, to the non-enemy riparian States to attach members to this Allied Commission, with a view to creating an organisation which could gradually undertake the duties that would fall eventually to the International Commission and so save an interregnum. All the States availed themselves of this invitation, though unfortunately the Roumanian member was not present at the first meeting of the enlarged Commission on the 30th November and the 1st December. On the ratification of the peace treaties the transformation of the Inter-Allied Commission to the International Commission will prac-

tically be one of name only, and any confusion due to a sudden change of control should be avoided.

The ownership of many of the river craft is in dispute or suspense as the result of circumstances of the war and of the Armistice and Peace stipulations. The complete reorganisation of the Danube traffic, which is an important factor in the restoration of normal conditions in Central Europe, cannot take place till the final ownership of the river craft has been determined by the Arbitrator to be nominated by the American Government under the conditions of the Peace Treaty. It is of the utmost importance that no steps should be left untaken to expedite the decisions of this Arbitrator. In the meantime the provisional use of the available craft by local administrations is being facilitated by the Commission, who have themselves organised certain temporary inter-state services where these are not otherwise provided for. Funds were urgently needed for temporary work and for current expenses of the pilotage organisation and the meteorological bureau, run by the Provisional Danube Commission. An advance of £15,000 was made by the British Government. Once the craft are definitely allotted and the traffic reorganised the need for financing the river will disappear, as the money spent can be recovered from dues, &c.

ELBE

22. In order to relieve the congestion on the railway caused by the relief traffic from Trieste to the states of the old Austro-Hungarian Empire, it was arranged at the beginning of April 1919 to open the Elbe for shipments of relief to Czecho-Slovakia. The attached chart (Annex 3)^{14d} shows the dispatches of relief from Hamburg destined for Czecho-Slovakia from the time of inception up to the end of June 1919. During May the Elbe was again opened for ordinary commercial traffic to Czecho-Slovakia, and relief traffic has ceased as a special item.

FACILITIES IN LATE ENEMY COUNTRIES

23. The Communications Section arranged for the insertion in Railways and Waterways clauses of the Preliminary Peace terms of an article securing the powers requisite for the functions of the Supreme Economic Council after the signature of peace.

Article

“(The Enemy States) will carry out the instructions which may be given them as regards Transportation by an authority designated by the Allied and Associated Powers.

“1. (Concerns military movements.)

“2. As a temporary measure for the transport of relief traffic to

^{14d} Post, p. 737.

various localities, and as regards the re-establishment as quickly as possible of the normal conditions of traffic and the organisation of postal and telegraphic services."

POSTAL AND TELEGRAPH

24. In order to assist the relief administration the American member of the Communications Section arranged for the installation of new or connecting up of existing telephonic and telegraphic circuits between the principal towns of Europe, giving also direct communication with Paris.

Arrangements were made in the early days for the re-establishment of postal communications with Poland, Czecho-Slovakia, Austria, Jugo-Slavia and Roumania. It is hoped that an international conference of postal authorities will be held in Paris early in February with a view to expediting the resumption of normal conditions in Central Europe generally.

TRANS-EUROPEAN TRAIN SERVICES

25. The Communications Section was represented at an international conference for the improvement of cross-European rail services. A résumé (altered to date) of the results is attached (Annex 4).^{14e}

26. The present general transportation situation has been complicated by the delay in the ratification of the Peace Treaties. It is this non-ratification which prevents free traffic between States, as until rolling-stock has been definitely allotted and re-marked States will not readily consent to its passage into another State. Under the Peace Treaties, committees of experts are to take in hand the redistribution of rolling-stock resulting from territorial changes and a definite and final allotment will be made to each State. This final distribution is of the utmost importance and is really urgent. Once free interchange of traffic takes place among States far better value will be obtained from the rolling-stock available, and though undoubtedly every State will not have all it requires, it will at least have plenty to start and keep going the vital part of its economic situation.

A Commission for the repartition of rolling-stock in the old Austro-Hungarian Empire has begun its work at Vienna under the presidency of Sir Francis Dent. The members of the various Communications Section Transportation Missions have been directed to furnish Sir Francis Dent, President of the above Commission, with any information and statistics that he may require.

GENERAL CENSUS OF ROLLING-STOCK

27. It was decided that the Presidents of the various Transportation Missions in Europe should request the Governments con-

^{14e} Post, p. 734.

cerned that a general census of all rolling-stock should be taken on a uniform basis throughout Central Europe every fourth Sunday, starting on the 4th January, 1920. It is understood that arrangements were complete in most countries for the first census, and it is hoped that the proposed measures will, in the next few months, afford information of the utmost importance for the re-establishment of normal railway conditions.

WAGONS EXCHANGE COMMITTEE

28. Interchange traffic across certain frontiers was originally organised and controlled by the Communications Section Missions with a fair degree of success by constant watching and bringing neighbouring States into touch with each other.

As a result of a careful study of the situation an international wagon exchange Committee has been set up at Vienna, at the invitation of the Supreme Council, by the countries formed out of or acquiring territory from the old Austro-Hungarian Empire, for the purpose of facilitating the interchange and checking of wagons at frontier stations. It is hoped that by this means a great deal of the mistrust of States will be overcome, and a freer interchange of commodities will take place. By general agreement an impartial Allied President (**M. Leverve**) was appointed to this Committee, which first met on the 14th January.

STATISTICS

29. In order to help the Communications Section to make a comprehensive up-to-date review of the transportation situation in Eastern Europe, all Missions in Europe have been requested to fill in the accompanying statistical form (Annex 5) every week or ten days and forward to the Section Headquarters. This has been done regularly, and the result of this work is shown in the diagrams attached (Annex 6, 4 charts, Poland, Roumania, Bulgaria, Transylvania). The fact that it has been found possible to prepare such curves at all is in some cases evidence of an improvement in the organisation compared with the situation early in the year 1919. While it cannot be claimed that the figures from which the graphs have been prepared are absolutely accurate, it is believed that they form a valuable indication of the developments or otherwise of transportation in each country. The four curves show—

- (1) The percentage of wagons in working order.
- (2) The percentage of locomotives in working order.
- (3) The total train kilometrage.
- (4) The average kilometrage, per engine in working order per day.

(1) and (2) show the physical situation, (3) shows the gross results and (4) is an indication of the efficiency of the operation. Where exceptional events interfered with the normal course of the curves a note has been made on the diagram.

Additional diagrams are attached, showing the locomotive and wagon situation in greater detail as regards Poland, Roumania, Hungary, Bulgaria and Transsylvania (Annex 7, ten charts).

BULGARIA

30. Bad state of track, through lack of sleepers for replacements and bad ballast, has led to serious reductions in the safe speed of trains.

Shortage of materials and skilled workmen for repairs to locomotives and wagons and of coal.

In spite of this, a fair train service is maintained, though not sufficient for the needs of the public. It is feared that the situation will get worse when the locomotives and wagons taken from Serbia are returned under the Peace Treaty. Organisation better than might have been expected in the circumstances.

YUGO-SLAVIA

31. Twice a week a passenger coach connects Belgrade with the train from Constantinople to the Bulgarian frontier, and there is a daily mail van over this route, but these primitive services are at present subject to great delays.

ANNEX 4

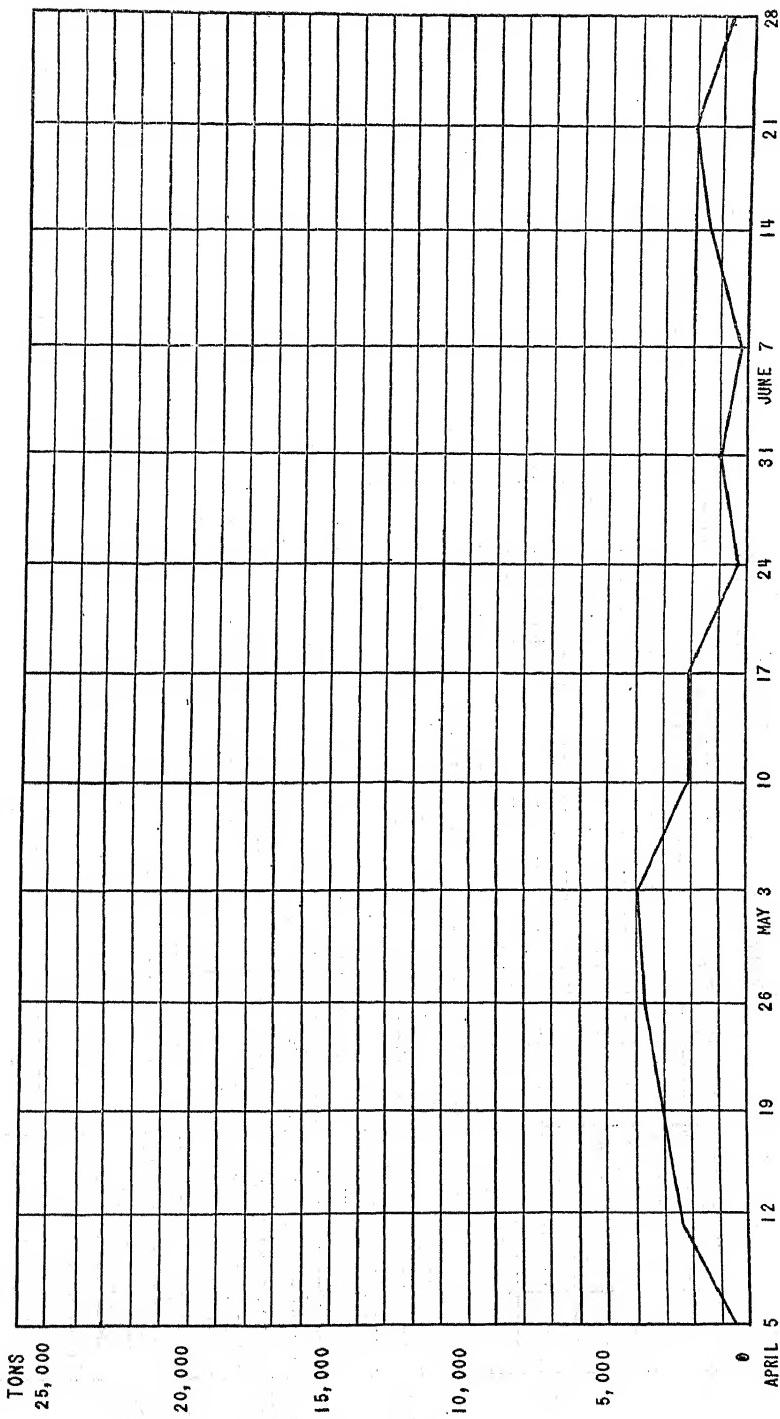
Résumé of the Negotiations for the Organisation of the Express Trains of the 45th Degree Parallel and 50th Degree Parallel, and for the Modifications to the Convention of Berne¹⁵

With a view to restarting at the earliest possible moment railway communications between France, England, Belgium and the old and new countries of Central and Eastern Europe, a meeting was convened at Paris during the beginning of the month of August. Representatives of all the countries interested, with powers both to discuss technical questions and to undertake engagements of a political nature, were represented at this conference.

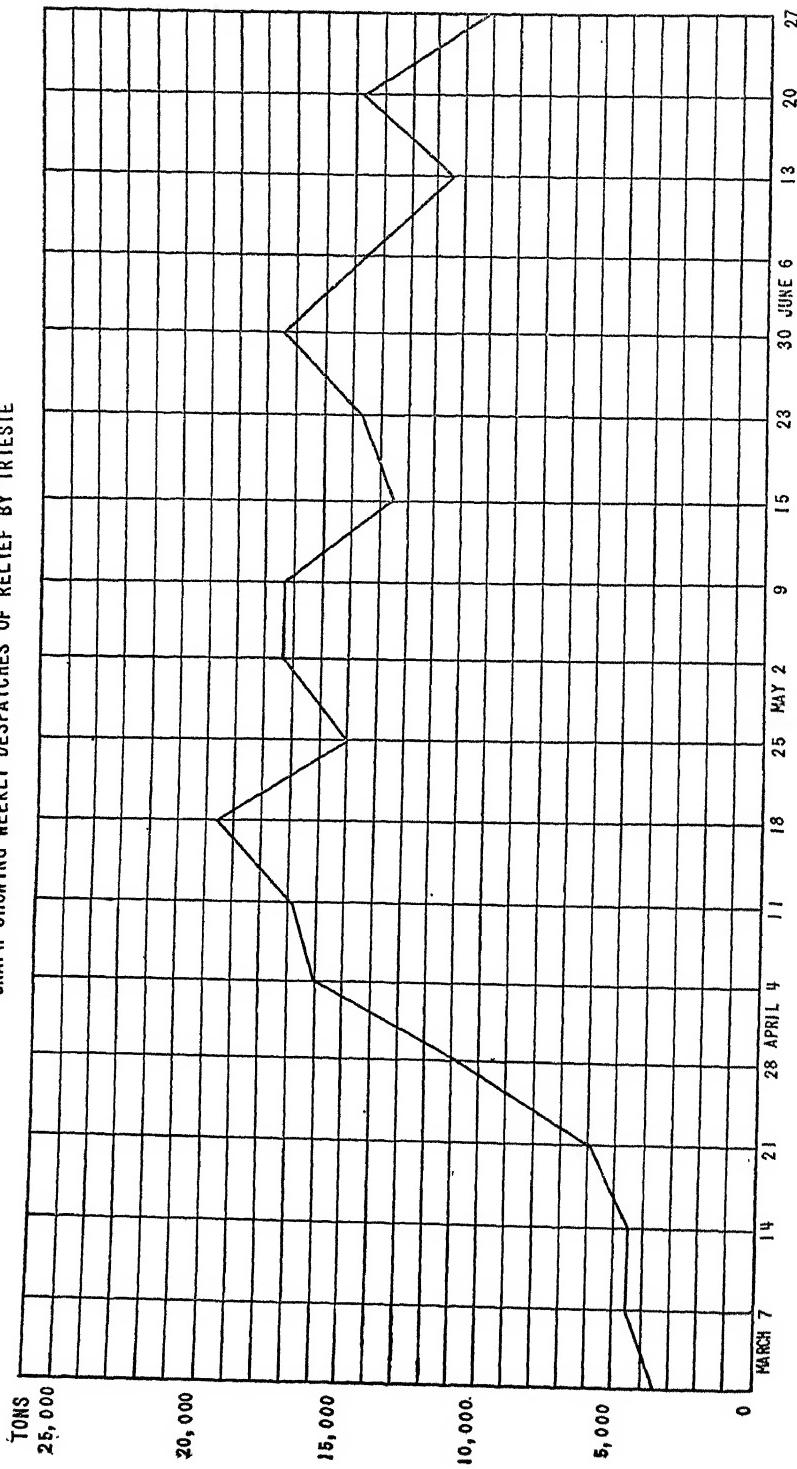
Over and above the numerous conferences held by the different Commissions which shared the work arising out of these questions which had to be studied, three plenary meetings were held on the 6th

¹⁵ For text of the Berne convention of October 14, 1890, see *British and Foreign State Papers*, vol. LXXXII, p. 771.

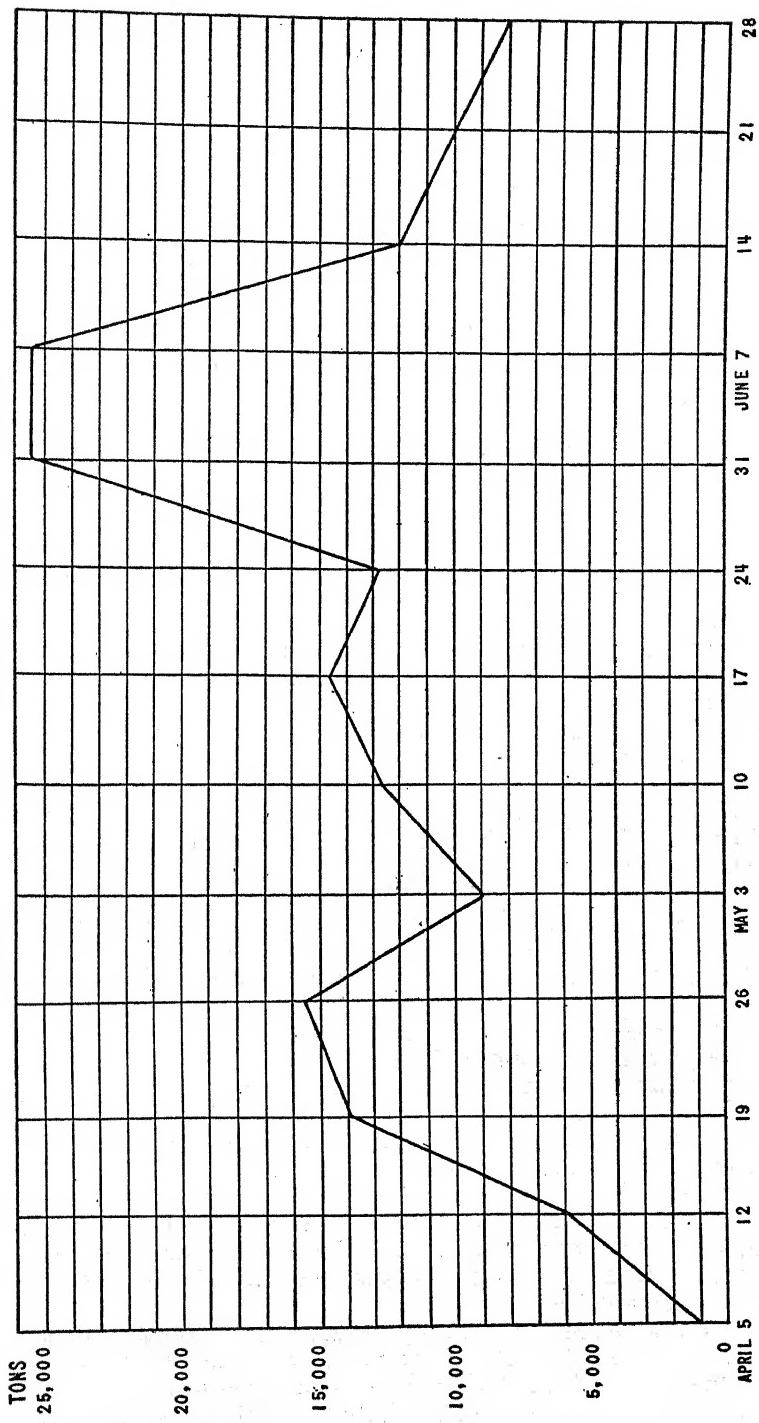
Annex I
GRAPH SHOWING WEEKLY DESPATCHES OF RELIEF BY FIUME



Annex 2
GRAPH SHOWING WEEKLY DESPATCHES OF RELIEF BY TRIESTE



Annex 3
GRAPH SHOWING WEEKLY DESPATCHES OF RELIEF BY THE ELBE



and 22nd August and the 6th September at the Ministry of Public Works. The vast programme of our International Railway relations has actually been laid down and will be put into force as soon as possible.

This programme comprised :—

1. The definite organisation of the Simplon-Orient Express, called the 45th Parallel Express, with direct coaches from Paris to Belgrade and from Paris to Bucharest, with immediate future extension to Sofia and Constantinople, and ultimately to Salonica and Athens. This organisation will come into force on the 15th October. On the same date the Ostend-Brussels-Milan train will be started to connect at Milan with the Simplon-Orient Express. The line Belgrade-Sofia-Constantinople is not yet in sufficiently good order to allow of the through train running.

Convention between the interested countries on the working of the Simplon-Orient Express under the conditions stated above were signed by the qualified representatives on the 22nd August, 1919.

2. The organisation of the 50th Parallel Express between Paris, Prague and Warsaw via Strasbourg and Nuremberg, giving up the route of the Old Nord Express from Paris-Cologne-Berlin.

The train from Ostend to Strasbourg will be started to connect at Strasbourg with the Paris-Prague-Warsaw train.

This train will run, to commence with, three times per week and will have attached to it a coach to run direct from Paris to Vienna. It will start about the end of January. Delay in ratification of the Peace Treaty and consequent difficulties with Germany have given rise to this delay.

Convention between the interested Allied countries on the working of the Paris-Prague-Warsaw Express under the above conditions was signed by the interested representatives on the 6th September 1919.

A Conference was also held on the 15th September between the representatives of all Railway Administrations concerned, including representatives of the Bavarian and Baden Railways.

At this Conference the treaty regulating the definite number of trains was placed before the German Representatives, who discussed it and who decided to transmit it immediately to their respective Governments for approbation.

This conference has resulted in the settlement of the definite time-table of the train de luxe Paris-Prague-Warsaw, as well as the time-table for the through train composed of passenger vehicles of first, second and third class, which will also circulate between these three capitals.

3. The modifications made to the convention of Berne and the lettering of international coaches, the unification of tariffs and the arrangement of international transports were adopted at the meeting on the 6th September.

These arrangements, which regulate the transport of goods, are destined to modify the Convention of Berne, which is at present in abeyance, and which should be entirely revised.

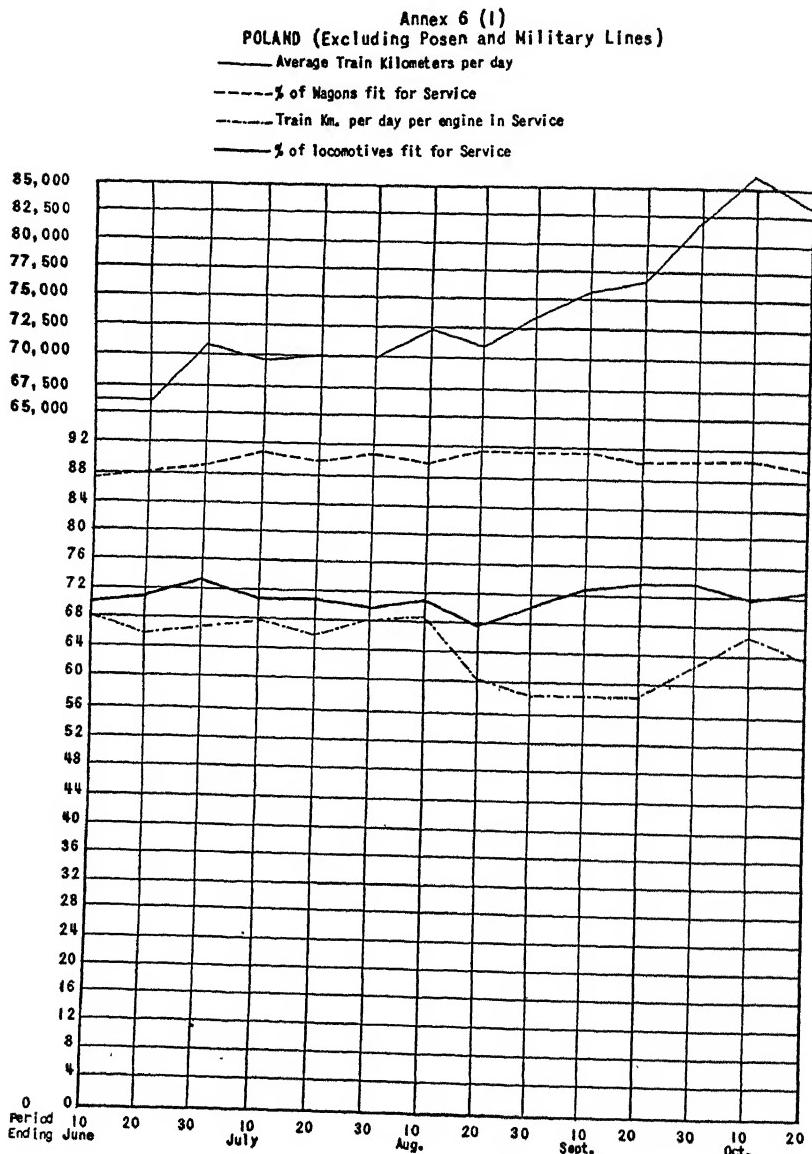
4. It is understood that the Belgian, British and German railways are now in negotiation re the running of the Ostend-Vienna train.

ANNEX 5

General Weekly Statistics To Be Rendered by All Railway Missions

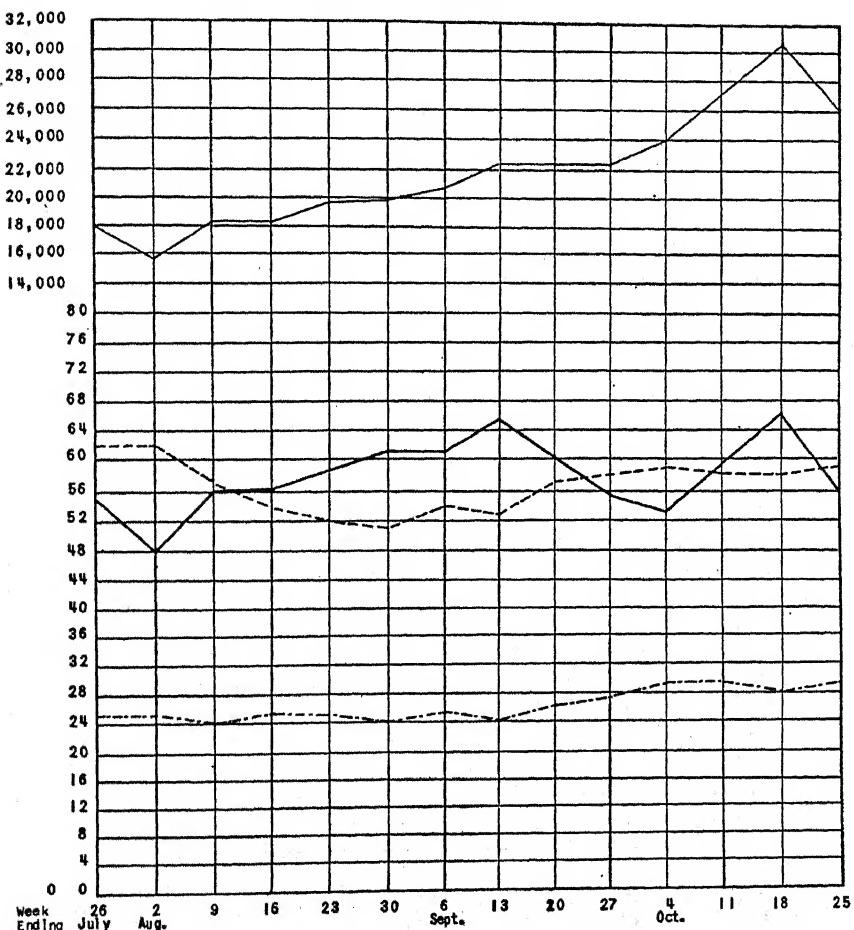
Total number of locomotives at end of week	
Total number of locomotives under, or laid up waiting, repair—	
(a) Heavy repairs	
(b) Light repairs	
Total number of locomotives repaired and put into traffic during past week—	
(a) After heavy repairs	
(b) After light repairs	
Total number of passenger vehicles at end of week	
Total number of passenger vehicles under, or laid up waiting, repair—	
(a) Heavy repairs	
(b) Light repairs	
Total number of passenger vehicles repaired and put into traffic during past week—	
(a) After heavy repairs	
(b) After light repairs	
Total number of wagons at end of week	
Total number of wagons under, or laid up waiting, repair—	
(a) Heavy repairs	
(b) Light repairs	
Total number of wagons repaired and put into traffic during past week—	
(a) After heavy repairs	
(b) After light repairs	
Kilometres operated (excluding sidings)	
Average number of trains per day—	
(a) Passenger	
(b) Freight.	
(c) Military	
Total	
Number of wagon (or train) kilometres for the week—	
(a) Passenger	
(b) Freight.	
(c) Military	
Total	

Notes on General Situation.—These should point out limiting factors in transportation, directions in which demands for transportation have not been complied with and steps being taken to remedy developments of relations with adjoining administrations, arrivals of rolling-stock, materials, tools, &c. and any other factors which are likely to assist the communications section in arriving at a proper estimate of the situation.



Annex 6 (2)
ROUMANIA (Old and Bukovina)

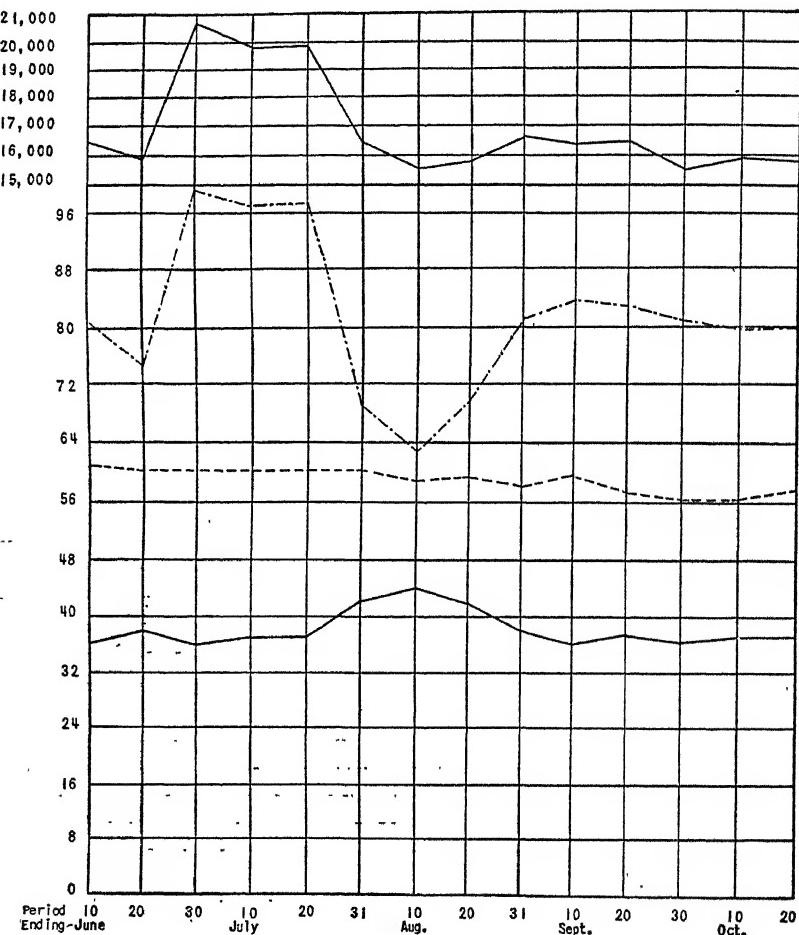
— Average Train Kilometers per day
 - - - - % of Wagons fit for Service
 - - - - Train Km. per day per engine in Service
 — % of locomotives fit for Service



Annex 6 (3)

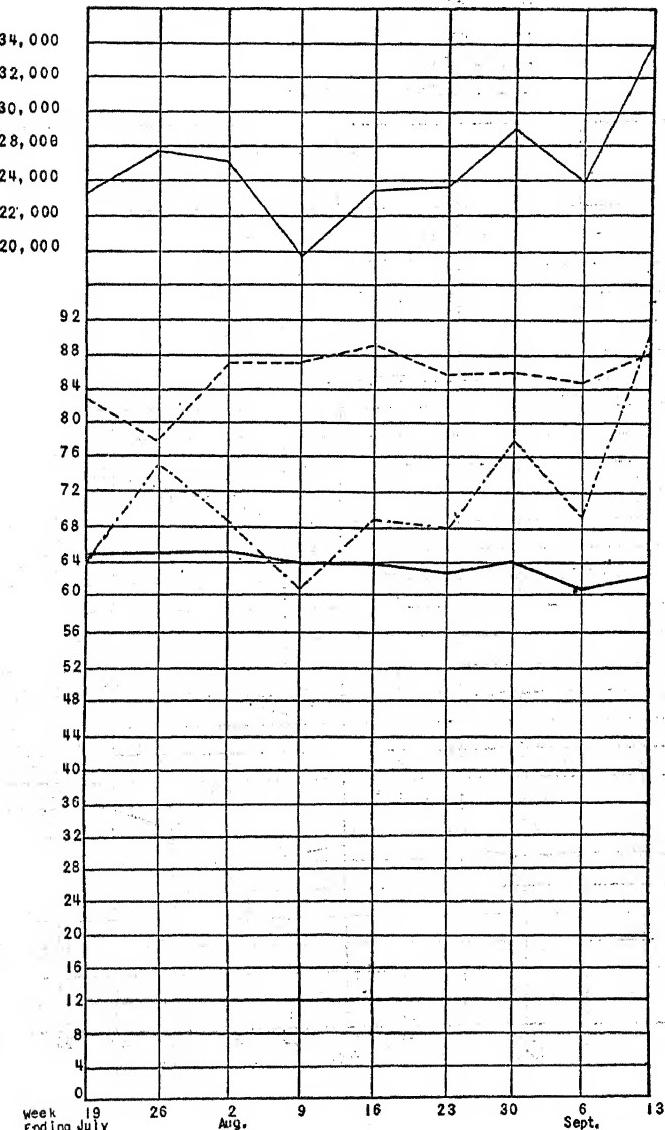
BULGARIÀ

- Average Train Kilometers per day
- - - % of Wagons fit for Service
- - - Train Km. per day per engine in Service
- % of locomotives fit for Service



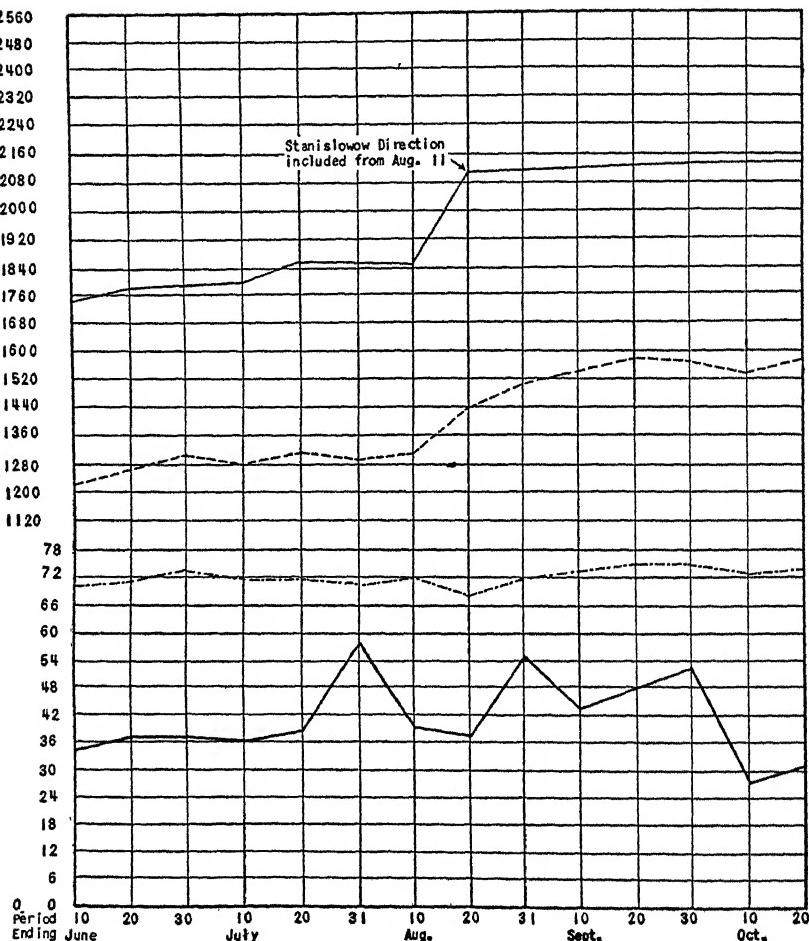
Annex 6 (4)
TRANSYLVANIA

- Average Train Kilometers per day
- - - % of Wagons fit for Service
- - - Train Km. per day per engine in Service
- % of locomotives fit for Service



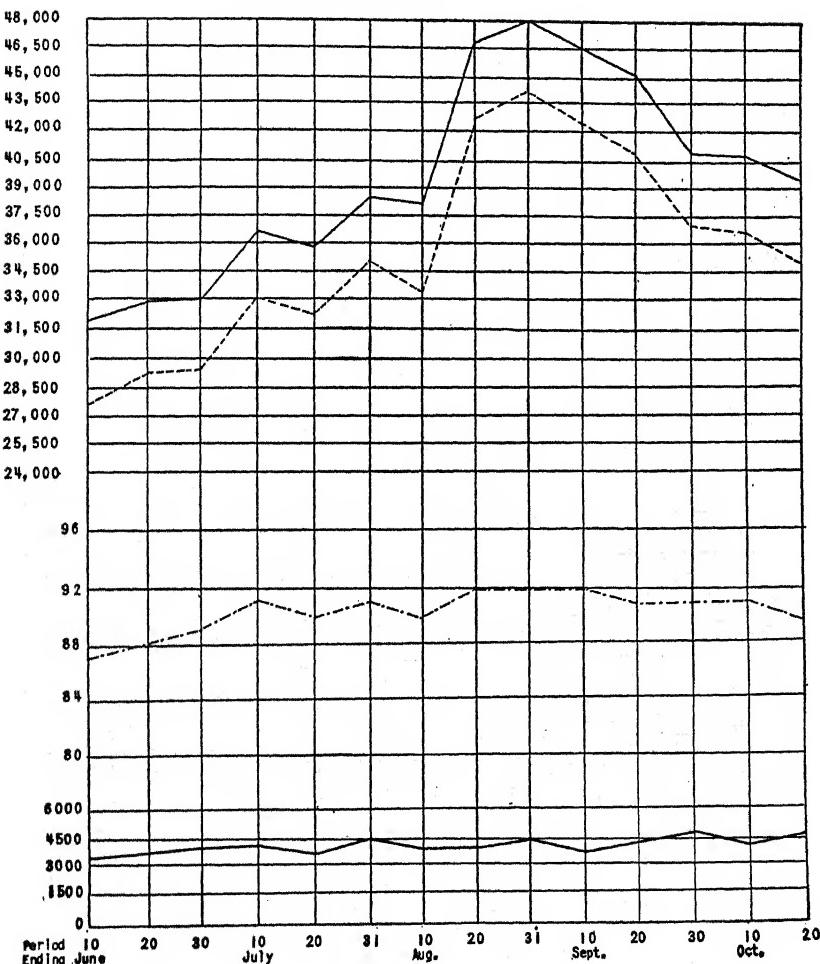
Annex 7 (1)
POLAND—LOCOMOTIVES (Excludes Posen and Military Lines).

——— Total Number
 - - - - No. fit for Service
 - - - - % fit for Service
 ——— Repaired during 10 days

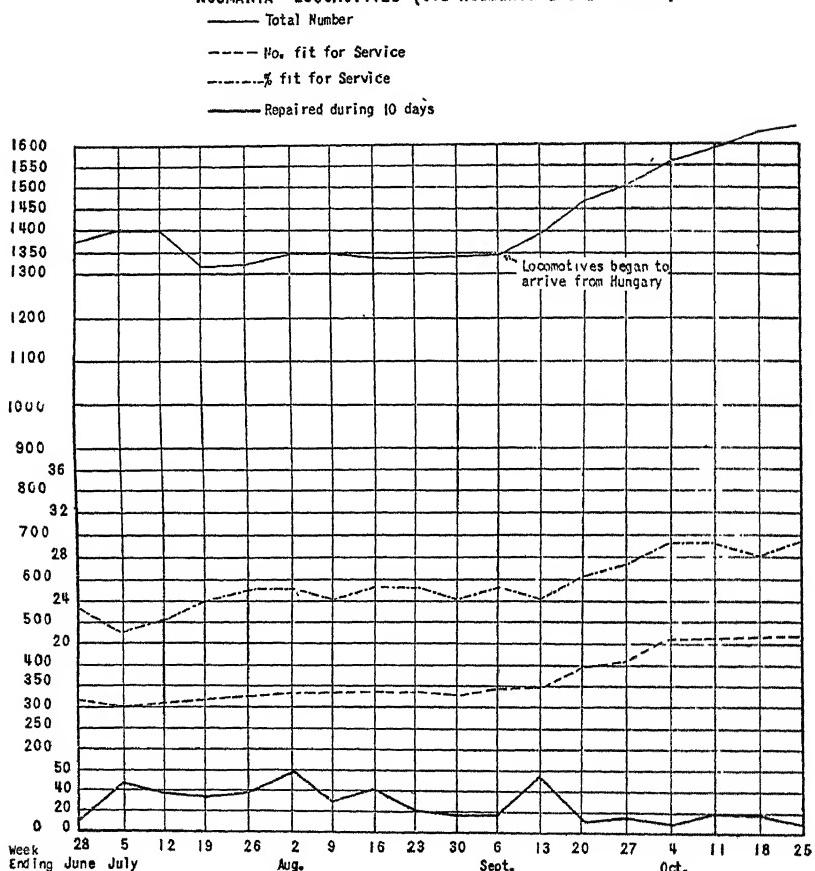


Annex 7 (2)
POLAND--WAGONS (Excludes Posen and Military Lines)

— Total Number
- - - - No. fit for Service
- - - - % fit for Service
— Repaired during 10 days

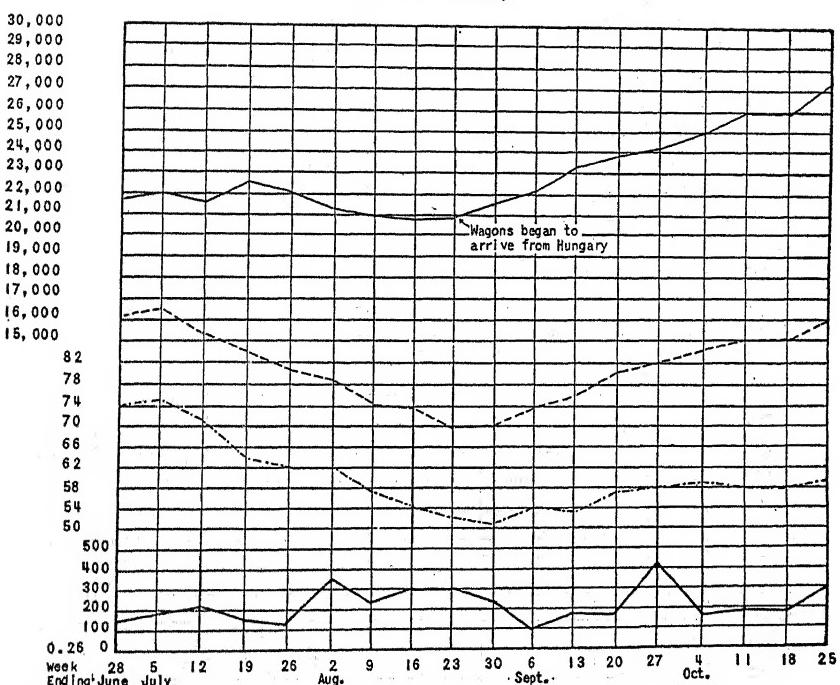


Annex 7 (3)
ROUMANIA—LOCOMOTIVES (Old Roumania and Bukovina)



Annex 7 (4)
ROUMANIA—WAGONS (Old Roumania and Bukovina)

——— Total Number
 - - - - No. fit for Service
 - - - - % fit for Service
 ——— Repaired during 10 days

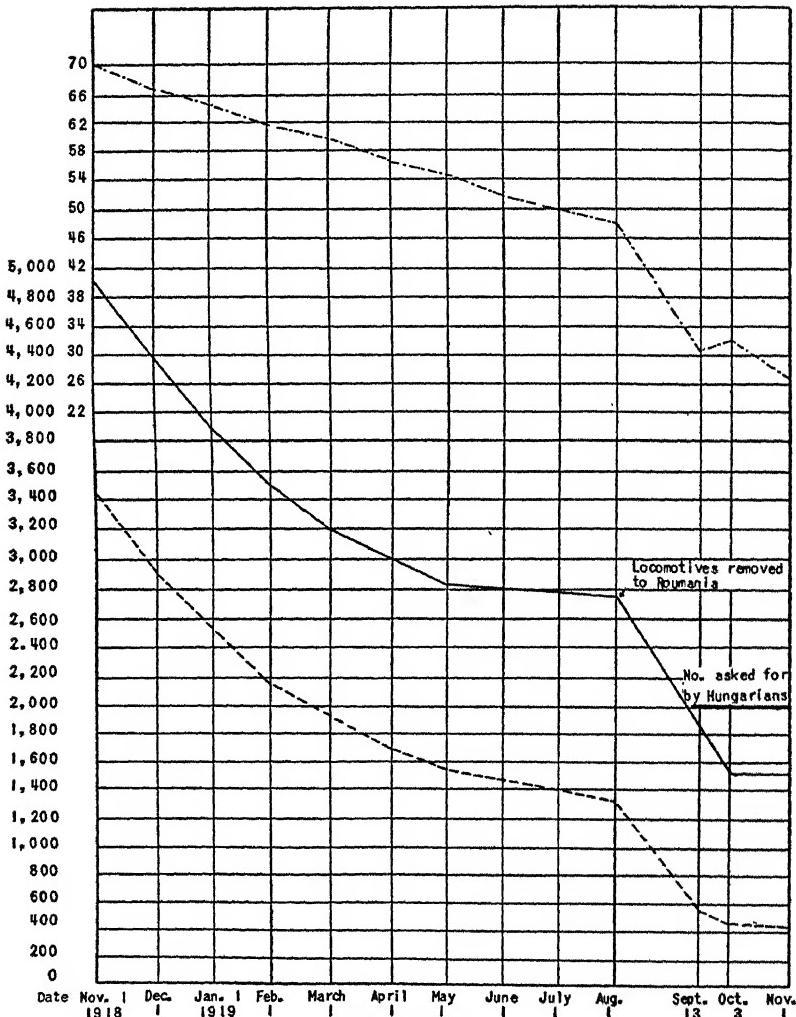


Annex 7 (5)
HUNGARY—LOCOMOTIVES

— Total Number

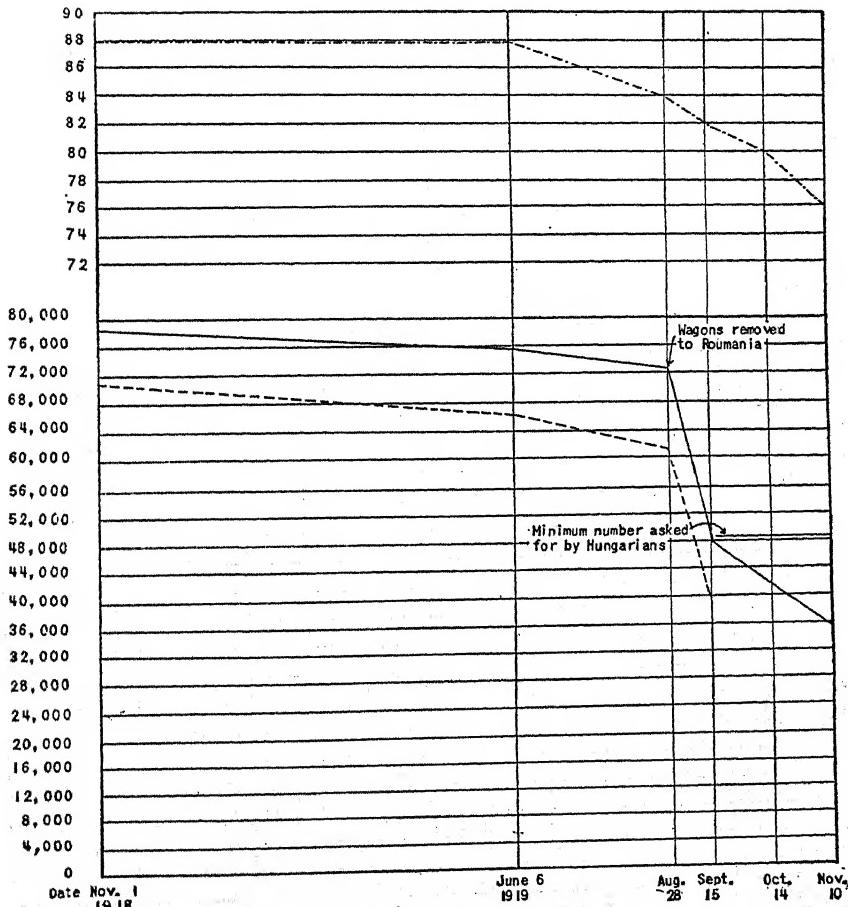
- - - No. fit for Service

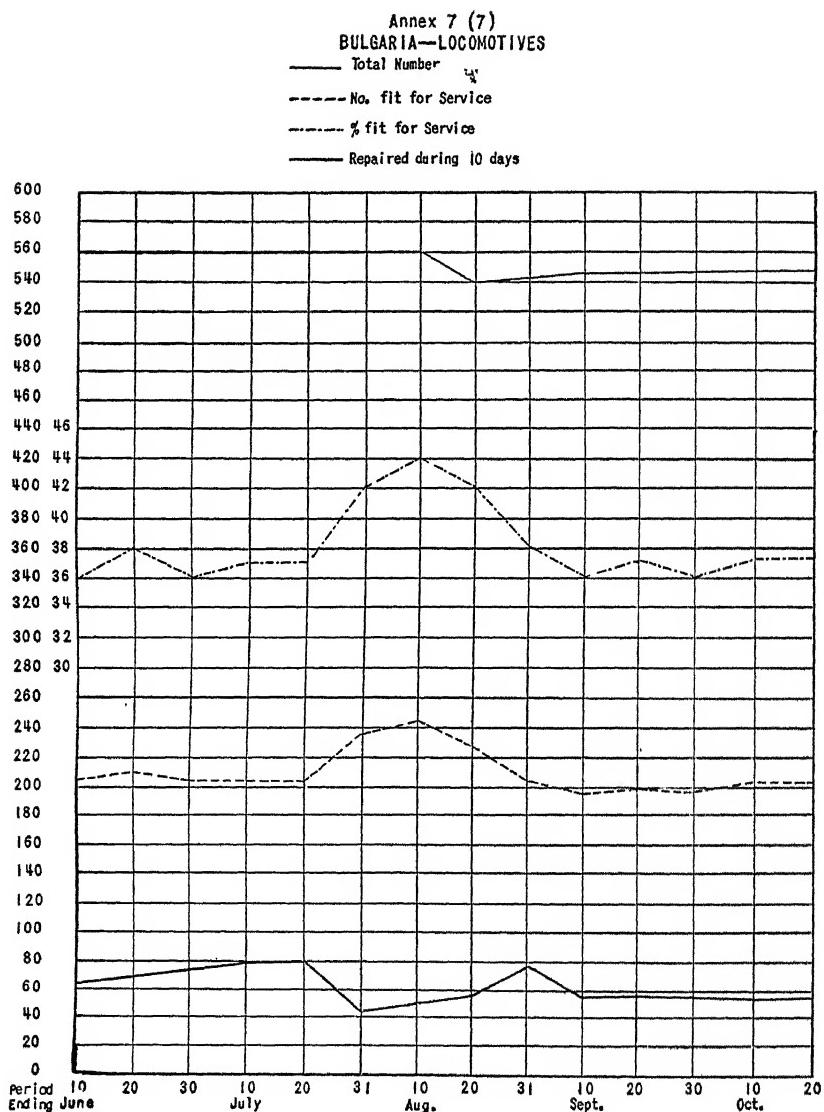
- - - % fit for Service

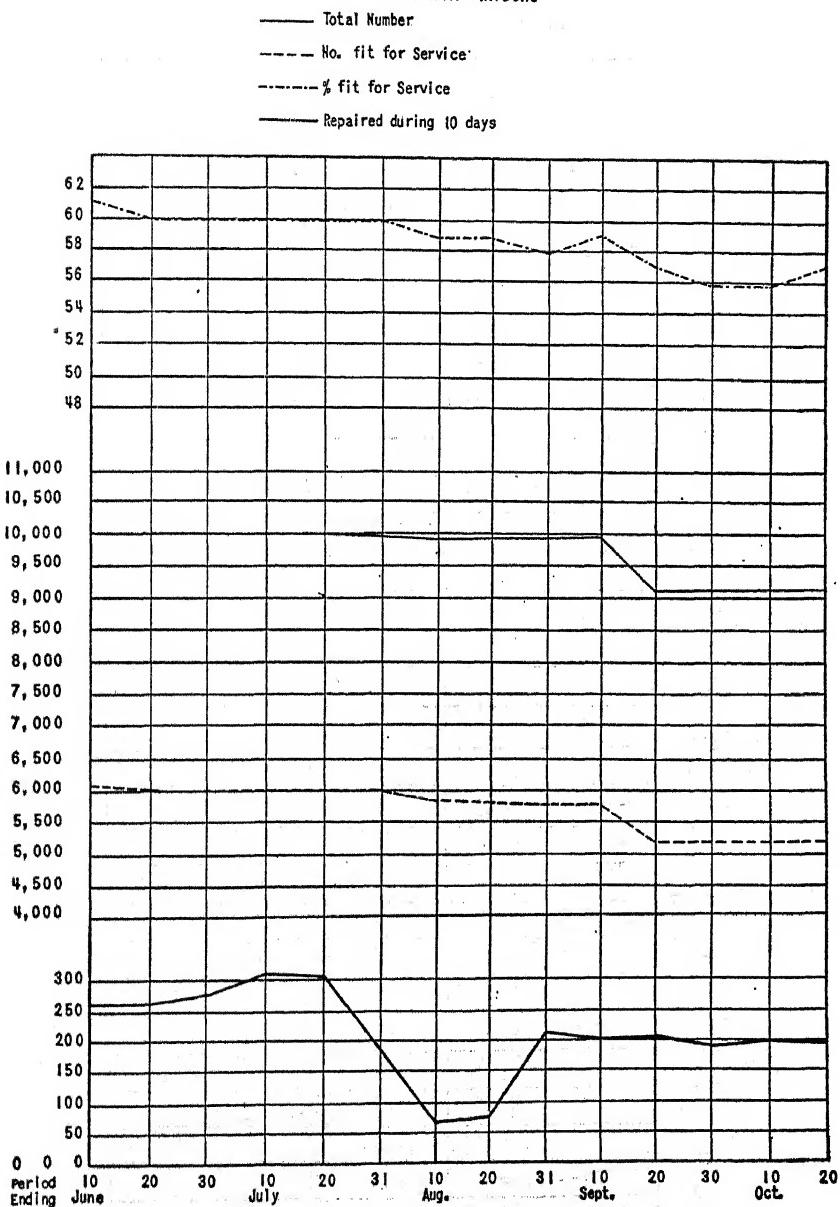


Annex 7 (6)
HUNGARY—WAGONS

— Total Number
- - - No. fit for Service
- - - % fit for Service

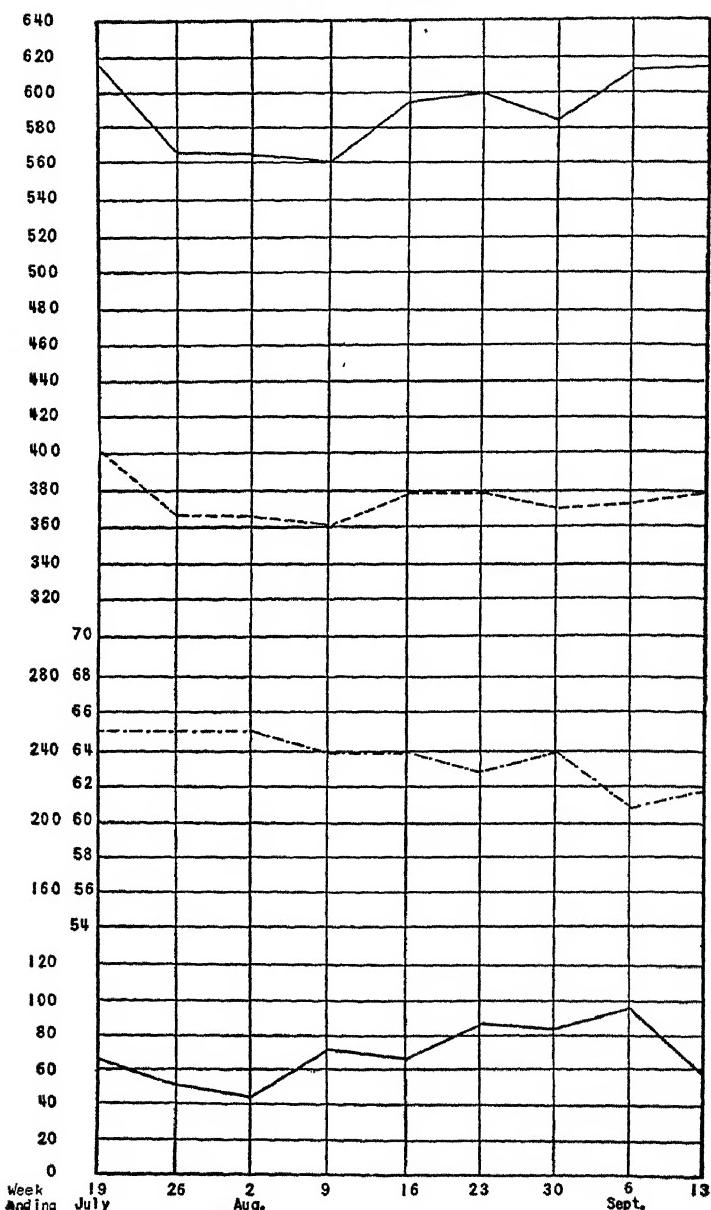




Annex 7 (8)
BULGARIA—WAGONS

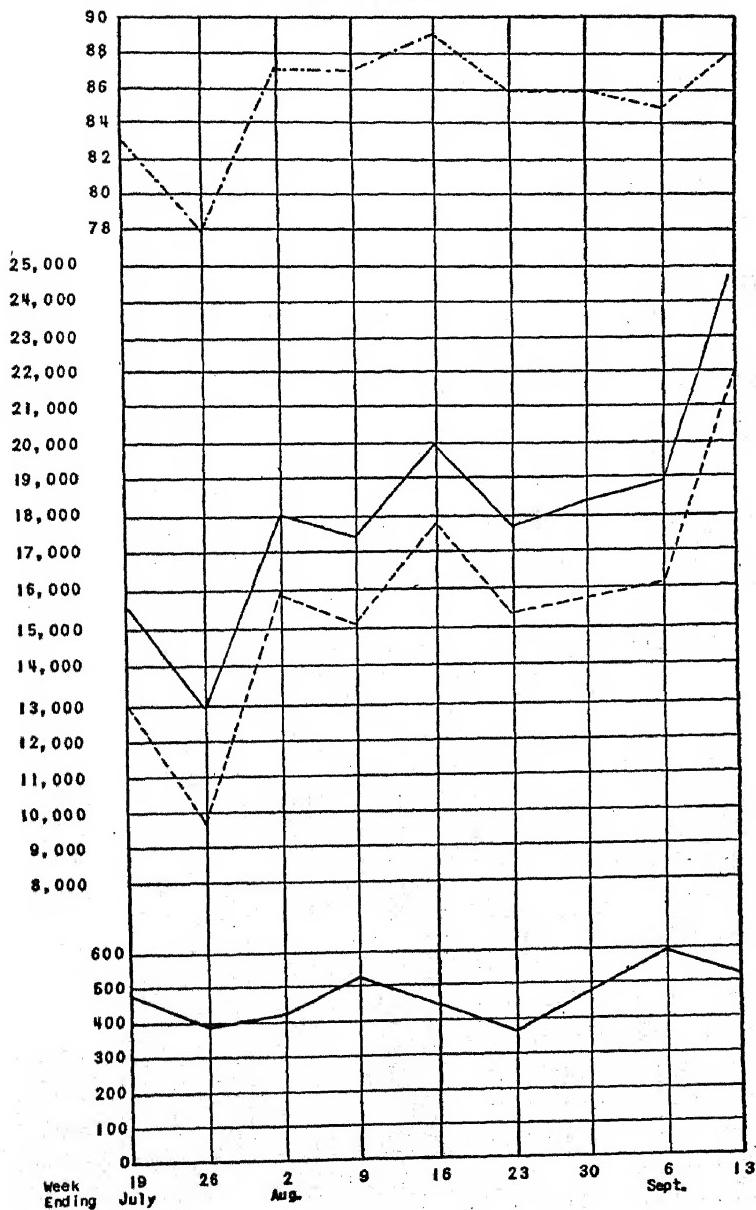
Annex 7 (9)
TRANSYLVANIA—LOCOMOTIVES

— Total Number
- - - No. fit for Service
- - - % fit for Service
— Repaired during 10 days



Annex 7 (10)
TRANSYLVANIA—WAGONS

— Total Number
- - - - No. fit for Service
- - - - % fit for Service
— Repaired during 10 days



Appendix 323

[Memorandum by the] Consultative Food Committee [Regarding] Food Supplies & European Requirements

An attempt is made in the following pages to make a rough estimate of the food requirements of the countries of Europe and the supplies available.

Mr. Hoover has stated that Europe must work or starve but if she is to work efficiently ample supplies of food from overseas must, owing to her reduced productivity, be secured. The provision of bread, the main and cheapest source of energy of the greater part of the European population, and the one food on which the war has proved a certain elasticity of supply must exist to make good deficiencies of meat, fats and dairy produce and to prevent actual hunger in any class of the population, must continue to be the first charge of the European Governments.

As far as can be seen the supply of breadstuff cereals available during the cereal year 1919-20 is sufficient to meet the needs of Europe, but in the case of breadstuffs [and] of all other food commodities lack of credits has prevented the necessary food requirements from being filled. With increased credit facilities considerably greater monthly quantities should be imported into Europe in the last eight months of this cereal year, and it is in respect of this period that an estimate of the importation requirement of certain foodstuffs is forecasted in the following table. In some cases these estimates are considerably below

APPROXIMATE EUROPEAN IMPORTATION REQUIREMENTS FROM OVERSEAS, JANUARY TO AUGUST 1920

	Breadstuffs	Frozen Meats	Pigmeat & Lard	Sugar	Cereal Fodders
United Kingdom	Tons. 4,000,000	Tons. 500,000	Tons. 300,000	Tons. 630,000	Tons. 2,500,000
France	1,900,000	100,000	100,000	370,000†	500,000
Italy	1,800,000	70,000	35,000	35,000†	100,000
Belgium	800,000	16,500	60,000	14,000	560,000
Portugal	100,000			23,000	
Greece	170,000			6,000	
Czecho-Slovakia	235,000	5,000			
Roumania					
Serbs, Croats and Slovenes					
Poland	200,000				
Finland	100,000				
Lithuania					
Latvia					
Estonia					
Spain	170,000			3,000	
Switzerland	250,000			60,000	
Sweden	200,000			10,000	70,000
Denmark	235,000				75,000
Norway	200,000	4,000	2,000	50,000	300,000
Holland	400,000				80,000
Germany	800,000	160,000†	400,000†	100,000*	600,000
Austria	400,000	38,000†	50,000	80,000*	800,000
Hungary	235,000*	26,000	5,000†	25,000*	
Bulgaria					
Turkey					
Total	11,960,000	918,500	952,000	1,201,000	5,675,000

*To be imported from surrounding States. Not included in totals.

†To be imported in part from surrounding States.

the amounts stated by the various Governments as necessary, as some consideration has been given to the limitations of shipping, finance, inland transportation and port difficulties.

The system of partition of foodstuffs among the Allies carried out during the latter part of the war by the Allied Food Council, based on physiological requirements and made possible by a pooling of finance and tonnage is with the desire of freedom from State control no longer possible. Each country must therefore fend for itself, but in order that the beneficial effect of food control during the War, in reducing malnutrition to a minimum may not be destroyed and to prevent profiteering, encourage production consultation and co-operation in food matters, among the countries should be retained until at least the end of the cereal year when it is hoped conditions will be more stable.

A. BREADSTUFFS

I. CHANGES SINCE PRELIMINARY ESTIMATES MADE AT THE SIGNATURE OF THE PEACE

The general balance of supply and demand of breadstuffs since the preliminary estimates were compiled in June last has not changed to any great extent, owing to counterbalancing factors:—

Diminished Supplies in Exporting Countries

The wheat harvests of the United States and Canada have resulted in a total out-turn of 24,997,000 tons and 5,344,000 tons respectively compared with the first estimates of 33,125,000 tons and 6,568,000 tons.

The Australian market, owing to bad harvest prospects has been eliminated except for contracts already effected and which are now being shipped. The Indian and Russian markets are still out of the reckoning.

Decreased Purchasing Power, Lack of Credit, increased prices and shortage of tonnage

Exchange.—The purchasing power of nearly every European State has been greatly reduced. The position of the Allies is shown in the increasing adverse exchanges set out below:—

RATES OF EXCHANGE (ON LONDON)

	Paris ——— Frances per £	Rome ——— Lire per £	Canada ——— Dollars per £	United States ——— Dollars per £	Argentine ——— Pence per gold Peso	India ——— Shilling & pence to the silver Rupee
1st July 1919 : : : : :	29.51	36.25	4.74½	4.62	519½	1s. 8d.
1st Jan. 1920 : : : : :	42.42½	50.25	4.06	3.69½	62	2s. 4½d.

Lack of external credits has prevented the "Relief" countries and Germany and Austria from making any large purchases in the earlier part of the cereal year.

Prices.—Operations have been restricted to the markets of North and South America, the former of which was completely controlled until 15th December 1919. In the Argentine the price of wheat, which was about \$11.80 per 100 kilos. on the day of the Peace signature rose sharply by \$2.50 and continued upwards in the hands of speculators to nearly \$20 at the end of July. Since that date, apart from the slight fluctuations according to weather reports influencing the prospects of the 1920 crop, the price has tended steadily downwards to about \$13.70 at Buenos Aires on the 1st January, 1920. In North America the basic price of \$2.26 guaranteed at Chicago has been maintained.

Tonnage.—In spite of the fact that tonnage in existence now is between 2 and 3 million tons more than before the war, instead of becoming increasingly fluid, it is as scarce as at the date of the Peace Signature. This lessened transportation capacity is due almost entirely to port delays, and has resulted in tonnage being as expensive as in June last. The rates from countries for which it has been possible to charter steamers on the open market are as follows:—

	Canada & United States (per quarter)		Argentine (per ton)		
	Western Europe	Mediterranean	United Kingdom ports	Western Europe	Mediterranean
1st July/1st Oct. 1919	15s.	17s.	200s.	* 115s. 190s.	* 117s. 6d. 190s.
1st December	12s.	15s.	142s. 6d.		
1st January 1920	14s.	17s.	160s.	180s.	200s.

* Ministry of Shipping rates for directed tonnage.

The retention of a system of semi-control whereby British steamers are directed to charter at fixed rates to carry the bread grains requirements of the United Kingdom, renders it impossible to judge the actual state of the freight market, as the free tonnage, being a proportionately small quantity, is enabled by this system to charge rates far above those which could be got if all tonnage were decontrolled. It must be assumed, however, that the increased cost of bunkers has greatly raised the cost of running ships and that delays at both loading and discharging ports which have been immeasurably more serious than could possibly have been predicted last summer, would have prevented any substantial decrease if tonnage had been entirely free.

II.—POSITION ON 1ST JANUARY, 1920

The above conditions are true of the current cereal year up to date. Some considerable changes may at any time be expected:—

(1) If owing to the ratification of the Peace Treaty subsistence rations are available to ex-enemy countries provided securities are forthcoming for purchase and transport.

(2) If in the event of an international loan involving Allied and Neutral States, these countries should be given financial facilities for procuring full breadstuffs requirements.

(3) If an American loan of \$150,000,000 with further contributions by the United Kingdom, France and Italy is granted for Relief areas.

It results, therefore, that the importation requirements of Europe in the eight months January–August should not be successfully calculated on the basis of the imports actually effected in the past four months, when many of the bankrupt States have been living nearly exclusively on home production, first because they had no other assets, and secondly, because they trusted to some arrangement being devised to secure for them foreign credits later in the cereal year. The requirements of Germany and Central and South-Eastern Europe will, if the above changes take place, add a further overseas demand of about 2,000,000 tons to those existing in the past months of the cereal year. The table appended^{15a} which takes account of these requirements shows that supplies available for export from all parts of the world are still estimated to be sufficient for importation needs but that no margin remains for the possible maladjustment of supply and demand in each separate exporting market. It may be assumed that the maximum quantity of cheaper cereals, such as rye (supplies of which have been increased by the cessation of distilling in the United States) will be used in the place of wheat, but it will not be possible to look for a relief to the breadstuffs position by the substitution of rice inasmuch as the normal European consumption requirements of rice in 1920 will exceed the estimated available supplies. Apart from this consideration a serious obstacle is placed in the way of importation by the present enhancement in the value of silver. In India the prohibition of export on rice has now been removed but the disposal of the crop is controlled and it has been announced officially that an export of about 550,000 tons of Burmah rice to Europe will be authorised in the year, whereas in prewar years this quantity was over 1,000,000 tons. The Siam crop was so nearly a failure that export has been prohibited until the end of March and it is improbable that more than 200,000 tons at the most can be shipped after that date. An export of 1,174,000 tons was reached in the last year before the war. The Saigon crop is satisfactory but in this market the increase in export duties has occasioned further advances in prices and the constant rise in silver for which there is a very large Eastern demand, renders it nearly impossible for trading transactions to be completed.

One of the salient features of the present situation is the absence of an economic level for imported wheat in Europe, especially shown in the difference between the prices of U. S. A. and Plate wheat c. i. f.

European ports. Since the opening of the market in U. S. A. prices have soared to \$0.50c. per bushel beyond that charged by the Grain Corporation and Canadian prices have followed the American curve of prices upward. The Argentine market, has, however, remained nearly steady during this time. This widening difference between the North and South American Continents together with increased European demands will concentrate competition in South America more than formerly, and the efforts of those countries engaged in consultative buying must, if the cost of feeding Europe and [by] America is not to be substantially increased, be directed towards the reduction of prices in the dearer markets.

During the war economies were effected and the bread supplies to the Allied countries secured by making large contracts for the purchase of grain. Whether such a policy can be advantageously resorted to again on behalf of the parties to the Consultative Food Committee when conditions are more stable, is a matter which might well be considered when the question of the allocation of Government credits is discussed.

To look further ahead than the end of the current cereal year may be too idle a speculation, but the study of the comparative breadstuff harvest yields of Europe (excluding Russia) before and after the war as portrayed in the following figures which show a deficiency of 17,000,000 tons is indicative of a real danger of demand outstripping supply:—

Thousands of Metric Tons

	Average 1909-1913	Estimated 1919-1920
United Kingdom	1,623	1,975
France	9,890	5,551
Italy	5,125	1,731
Belgium	985	616
Portugal	191	200
Greece	278	340
Spain	4,252	4,400
Switzerland	135	136
Sweden	809	753
Denmark	597	540
Norway	33	56
Holland	544	527
Finland	3	7
Germany	15,466	7,259
Poland	(included in Germany and Austria.)	3,400 (ex-Russian Poland.)
Czecho-Slovakia, Austria Hungary, Yugo Slavia & Roumania	12,895	5,338
Bulgaria	1,369	1,000
	54,195	36,829
	17,366	

During the war the U. S. A. surplus more than made good the lack of Russian wheat, while owing to decreased acreage and yield France and Italy alone have required an increase in imports, which more than equalled the requirements of enemy countries before the War. Before the end of the year 1919–20, all the former European countries will have recommenced importation, but it is doubtful whether Russia and India, two most important sources of supply will have restarted exportation. There will probably be little surplus from the Australian crop just gathered. The U. S. A. farmers are officially recommended to reduce the wheat acreage this year by 15%, and the winter wheat acreage is actually 23% less than last year. In this connection Mr. Hoover has already stated that a decrease of 20% of Western Hemisphere wheat would not starve the West but that it would starve Europe.

With the danger of supply falling short of requirements, already reduced to a minimum in 1919–20, the Consultative Food Committee should take all possible steps to secure surplus stocks from Russia, stimulate production in Central and Western Europe, prevent profiteering and press the need for economy in consumption.

[B.] GRAIN FOR FEEDING & INDUSTRIAL USES

The difficulty of fulfilling the European breadstuff requirement owing to lack of finance has been pointed out above and it may more certainly be assumed that for this reason the requirements of feeding stuffs which are of second priority, will be reduced to figures much below the needs of Europe, based on a desire to build up depleted herds.

Relaxed control of brewing and distilling will further increase the need of Barley and Maize, but here again finance will limit the quantities desired.

The figures in the appended table^{15b} are based on an average ration or on specific requests made by the Governments of liberated and enemy countries, but that the imports realised will fall short of these hypothetical quantities is beyond question. It will be seen therefore, that no real danger of unlimited competition or lack of supplies exists.

C. MEAT

I.—BEEF AND MUTTON

(a) Requirements, January to August 1920.

The effect of the war-time shortage of feeding stuffs in European countries is still reflected in the present importation requirements of frozen meat, but there has been a tendency in the direction of more normal conditions since the beginning of 1919, the continued

World's Breadstuffs Position

In the average of the years 1909/10-1913/14, 1918-19 & estimated 1919-20

Wheat & Rye

Thousands of Metric Tons.

	Wheat & Rye	Imports				Average				Estimated Surplus 1918-20		Exports		Average	
		1918/19		1909/10-1913/14		Wheat		Rye		Wheat & Rye		Wheat		Rye	
		Wheat	Rye	Wheat	Rye	Wheat	Rye	Wheat	Rye	Wheat	Rye	Wheat	Rye	1909/10-1913/14	1918/19
United Kingdom	5,700	4,988	52	5,880	41	Canada	3,200	2,983	23	2,581	3	U.S.A.	9,000	7,604	2,910
France	2,800	2,350	14	2,189	81	U.S.A.	4,500	2,500	975	2,500	24	Plate	124	2,311	2,311
Italy	2,700	2,709	12	1,448	16	Australia	2,700	1,800	1,456	1,456	9	N. Africa	250	406	144
Belgium	1,250	670	67	1,344	124	India	250	250	1,350	1,350	1,350	Russia	150	150	4,463
Portugal	150	52	..	88	6	Romania	..	..	..	..	..	Bulgaria	..	..	1,460
Greece	250	180	..	187	..	Hungary	..	..	..	..	..	Spain	..	..	302
Czecho-Slovakia	350	224	194	..	..	Germany	..	..	..	..	..	Serbs, Croats, & Slovenes	..	..	1,112
Romania	..	204	17	..	..	..	..	..	..	..	..	..	..	..	318
Serbs, Croats & Slovenes	..	80	..	..	..	..	..	..	..	..	..	..	..	..	1
Poland	300	180	89	..	..	..	..	..	..	..	..	..	..	..	672
Finland	150	61	130	..	..	..	..	..	..	..	..	..	..	..	4
Baltic States	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Spain	250	42	7	..	..	..	..	..	..	..	..	..	..	..	..
Switzerland	400	250	..	..	..	..	..	..	..	..	..	..	..	..	..
Sweden	300	114	2	192	18	Denmark	..	..	..	..	..	..	..	..	..
Denmark	350	..	10	171	97	Norway	..	..	..	..	..	..	..	..	..
Norway	300	184	77	104	208	Holland	..	..	..	..	..	..	..	..	..
Holland	600	352	30	598	283	Germany	..	..	..	..	..	..	..	..	..
Austria	1,200	427	135	1,880	316	Austria	..	..	..	..	..	..	..	..	..
Hungary	690	242	13	1,387	316	Hungary	..	..	..	..	..	..	..	..	..
Bulgaria	350	..	23	..	..	Bulgaria	..	..	..	..	..	..	..	..	..
Turkey	..	..	24	..	..	Turkey	..	..	..	..	..	..	..	..	..
N.W. & S. Russia	..	..	19	..	..	Ex-European countries	..	..	..	..	..	..	..	..	..
Total	2,000	2,100	..	2,500	100	Total	20,200	15,380	863	17,685	1,306	Total	20,200	15,293	995
															1,913

Note.—During the cereal year 1918-19 certain quantities of Maize and barley were used in dilution of the total, which are excluded from above figures.

FODDER CEREALS
Metric Tons (thousands omitted)

Country	Estimated Import Requirement			Imports 1918-19			Average 1909/10-1913/14			Country	Estimated Exportable Surpluses 1910-20			Exports 1918-19			Average 1909/10-1913/14		
	M.	B.	O.	M.	B.	O.	M.	B.	O.		M.	B.	O.	M.	B.	O.	M.	B.	O.
United Kingdom	1800	1000	606	483	907	2047	1046	963	Canada	•	•	•	600	200	179	356	119	239	
France	300	300	75	453	678	503	132	435	U.S.A.	•	•	•	300	1000	366	446	181	65	
Italy	400	350	80	269	1	336	368	18	Plate	18	18	18	500	•	10	385	2940	652	
Belgium	350	100	35	29	16	439	330	119	N. Africa	•	•	•	400	182	4	95	•	•	
Portugal	•	•	•	•	•	•	•	43	Russia	•	•	•	300	1	430	143	•	174	
Greece	•	•	•	•	•	•	•	9	India	•	•	•	•	•	•	•	•	100	
Spain	•	•	•	•	•	•	•	•	Romania	•	•	•	•	•	•	•	•	3769	
Switzerland	100	100	100	56	1	16	101	25	Austria	•	•	•	200	•	•	200	•	•	
Sweden	40	70	70	81	•	•	42	•	Hungary	•	•	•	•	•	•	•	230	•	
Denmark	300	10	150	53	27	8	288	3	•	•	•	•	350	•	•	1351	644	302	
Norway	30	40	50	93	11	26	31	99	•	•	•	•	•	•	•	•	285	41	
Holland	650	250	100	42	15	26	562	241	Bulgaria	•	•	•	•	•	•	•	•	1	
Germany	400	850	•	•	•	•	•	4	Included in Ger-	•	•	•	812	3246	47	•	•	•	
Poland	•	•	•	•	•	•	•	•	many and Aus-	•	•	•	•	•	•	•	•	•	
Czechoslovakia, Austria-Hungary, Yugoslavia & Rumania	•	•	•	•	7	595	32	191	ria	•	•	•	•	•	•	•	•	•	
Bulgaria	•	•	•	•	•	27	•	•	•	•	•	•	•	•	•	•	•	•	
Canada	•	•	•	•	•	•	17	•	•	•	•	•	•	•	•	•	•	•	
N. Africa	•	•	•	•	•	•	11	15	•	•	•	•	•	•	•	•	•	•	
Egypt	•	•	•	•	•	•	11	2	Australia	•	•	•	•	•	•	•	•	•	
Total	4020	2860	1820	1310	1010	2007	6539	5549	Total	•	•	•	6050	1900	1700	1920	1005	2364	

¹ M. Maize. B. Barley. O. Oats.

shortage in livestock being still to a certain extent offset by reduced consumption engendered by high prices. The deficit of European production of beef and mutton is over 1,000,000 tons on the pre-war figure, whilst the United States, with its increasing population, cannot be regarded as a source of supply, but must be considered rather as an additional importing country. It is, therefore, to Australasia and South America that European countries must turn for the necessary imports. A table is attached giving an approximate estimate of European requirements in the first 8 months of 1920 together with possible sources of supply.

United Kingdom.—The annual imports which would be required to make good the deficit of present home production as compared with pre-war consumption would be 1,281,000 tons of frozen meat. It is estimated however, that consumption having not yet reached this level, an importation of 500,000 tons in the period January to August should in view of available supplies suffice. In addition to this, the British army in Europe should need 20,000 tons and the army in Egypt 12,000 tons.

France.—French livestock is still seriously depleted. Until May, when Government import of meat into France may cease, shipments are estimated at 61,000 tons. Imports during the first nine months of 1919 amounted to 240,000 tons but owing to the financial position and bearing in mind the desirability of getting back to normal trade conditions, purchases are being cut down severely although cold storage accommodation is being extended with a view to developing an entrepôt trade.

Italy.—Efforts are being made to restore the Italian livestock position by limiting slaughtering. The monthly needs of frozen meat are therefore placed at 9,000 tons, or 100,000 tons per annum which compares with the yearly average of 3,000 tons in 1909–13, and with 148,000 tons which owing to decreased home production would be required to provide supplies sufficient to maintain consumption at the pre-war level. As in the case of France, however, decreased purchasing power will limit importation.

Belgium.—Belgium will require an import of frozen meat. The estimate for the period April 1919 to April 1920 was 140,000 tons, but it is now stated that the Belgian army needs 1,500 tons per month during 1920 and the civilian population 1,500 tons over the period January to August.

The Liberated Territories.—Roumania, Serbia, Poland, Czechoslovakia, the Baltic States and Finland are unlikely to have either finance or refrigerated accommodation to enable them to import frozen meat, and will probably have to depend on pork-products to make good any deficiencies of home production of beef and mutton.

Scandinavia, Netherlands, Spain & Switzerland.—None of these countries should require imported frozen meat. Denmark has so far recovered as to be able to take the place of the United States in supplying Norway's needs, which last year amounted to 10,000 tons from North America. Holland and Switzerland are both exporting meat to Germany.

Ex-Enemy Countries.—Should finance be available, Germany, German Austria and Hungary should be considerable importers of frozen meat.

It is estimated that to increase the present German ration to $\frac{1}{2}$ lb per week would necessitate an annual import of 200,000 tons, whilst German Austria is in a worse condition as regards livestock and would require 4,700 tons per month to secure a $\frac{1}{2}$ lb ration per week. Hungary needs 52,800 tons annually to provide a similar ration but finance and refrigerated accommodation will probably prove a limiting factor, as in the case of German-Austria.

The American meat companies have made, and are still making, attempts to sell meat to the ex-enemy countries, but after selling a few cargoes have had to discontinue their operations, owing to lack of finance.

(b) *Supplies.*

It may be assumed that the United States will not maintain the war time export effort, but that consumption will not yet be increased to a point which would warrant any appreciable import, although some estimates place this as high as 50,000 or even 100,000 tons.

The minimum European demand is likely to amount to nearly 900,000 tons in the period January to August 1920, but in spite of the limitations on shipment imposed by the shortage of refrigerated tonnage it seems probable that this amount will be available for import during the same period.

Considerable stocks of meat existed at the beginning of the year 1919-20 in Australasia. Australian shipments reached a low-water mark in 1917-18 but are now recovering from the effects of transport difficulties and the 1919 drought, and are estimated at the rate of 10,000 tons per month. As far as New Zealand is concerned, it may be expected that 160,000 tons will be exported in the first 6 months of 1920.

Stocks in South America are increasing, particularly in Brazil, which should in time become a large exporter of beef and mutton, if the developments of breeding and refrigerating, which have been carried out since the war, are continued.

South African exports have risen from a few hundred tons in 1914 to about 22,000 tons in 1917. The 1918 export dropped to only 8,000

tons but improvements are being made in cold storage accommodation. Increased supplies are however dependent upon the withdrawal of refrigerated steamers from other routes, and it should be noted that the rise in the price of livestock has caused a demand for legislation to limit export to "surplus produce" remaining after home requirements have been satisfied.

REFRIGERATED MEAT (BEEF & MUTTON) POSITION; JANUARY TO AUGUST 1920

ESTIMATED IMPORTATIONS REQUIREMENTS—LIMITED BY FINANCE ETC.

	Tons
United Kingdom	500,000
France	100,000
Italy	70,000
Belgium	16,500
Germany.	130,000
Austria	38,000
Hungary	25,000
Total	889,500

SUPPLIES AS LIMITED BY AVAILABLE REFRIGERATED TONNAGE

	Tons
British steamers:	
Australia	80,000
New Zealand	160,000
Canada	25,000
South America	440,000
South Africa	10,000
French & Italian steamers—South America	110,000
United States steamers—South America	100,000
Total	925,000*

* Say: beef, 600,000 tons; mutton, 325,000 tons.

LIVESTOCK

000's Omitted

	Cattle			Sheep			Pigs		
	Pre-war	1918	1919	Pre-war	1918	1919	Pre-war	1918	1919
<i>(a) European Countries—</i>									
United Kingdom	12,145	12,315	12,491	27,887	26,850	25,119	3,940	2,820	2,925
France	14,788	18,315	—	16,213	9,496	—	7,048	4,021	—
Italy	6,646	6,155	—	13,824	11,753	—	2,722	2,378	—
Belgium	1,877	—	898	—	—	—	1,494	—	319
Roumania	2,667	—	—	5,269	—	—	1,021	—	—
Serbia	957	—	—	3,819	—	—	836	—	—
Russia (European).	32,704	—	—	87,240	—	—	11,581	—	—
Denmark	2,463	2,123	2,188	515	470	509	2,497	753	716
Holland	2,097	1,956	1,964	842	748	437	1,350	340	449
Norway	1,146	1,053	—	1,327	1,216	—	228	224	—
Sweden	2,721	2,123	—	988	1,844	—	968	621	—
Spain	2,879	3,712	—	16,441	18,802	—	2,710	4,997	—
Switzerland	1,443	1,530	1,433	161	230	—	570	366	—
Germany	21,829	17,227	16,799	5,471	5,229	6,423	17,287	10,080	888
<i>(b) Other Countries—</i>									
Canada	6,037	10,050	10,084	2,058	3,027	3,421	8,424	4,290	4,040
U. S. A.	56,592	66,830	67,866	49,719	48,800	49,863	58,938	71,374	75,587
Argentine	25,867	30,000	—	43,225	50,000	—	2,901	3,200	—
Brazil	30,705	28,980	—	10,653	7,205	—	18,399	17,329	—
Australia	11,051	10,450	—	78,600	78,600	—	862	1,160 (1917)	—
New Zealand	2,020	2,869	3,021	24,799	26,538	25,528	349	258	235
Asiatic Russia.	17,334	—	—	34,468	—	—	2,962	—	—

The above conditions of supply and demand make it clear that economy will have to be exercised in the buying and distribution of meat supplies for European consumption in the next few months.

It should be noted, however, if the demand of ex-enemy countries is eliminated owing to absence of credits or shipping facilities, ample supplies exist to meet Allied requirements, and, in the absence of competition, on the part of the Allies *inter se*, no further rise in price may be expected.

II. PIG MEAT

Two-thirds of the European home grown meat shortage is due to a diminution in the production of pig meat, and may therefore be expected to recover within a few years.

Denmark is expected to retrieve her former exporting position in two years, and has not only ceased to import bacon but has, in fact, begun to re-establish an export trade, 2,500 tons being exported in the period between July and the end of September 1919. The pre-war export from Denmark amounted to 128,000 tons, which fell to 80,000 tons in 1917, and to 25,000 tons in 1918 and ceased altogether in the first half of 1919.

Holland, although having imported largely during the war, has now commenced to export small quantities to Germany, where stocks have been reduced to such an extent as to render import necessary.

Sweden, also has ceased to import American bacon and has commenced to export a certain amount of local produce, but Norway continues to import American supplies.

France and Italy are importing quantities of pork products considerably in excess of their pre-war imports; whilst the United Kingdom doubled her imports from a normal 300,000 tons to over 600,000 tons in 1919 on account of reduced home production.

Other European countries are unlikely to require heavy imports of pork products. Surplus supplies in Yugo-Slavia will be sufficient to provide for the needs of Czecho-Slovakia and for Austria and Hungary, if exchanges can be arranged.

The improvement in the European stock position coupled with the increased numbers of pigs in Canada and the United States will, if maintained, tend to make for cheaper supplies to European consumers.

Canadian pigs increased in numbers from 3,000,000 before the war to 4,000,000 in 1919, which was, however, less than 1918 or 1917. There was a corresponding increase in exports of hog-products which rose from 18,000 tons in 1913 to 92,000 tons in 1918 and 108,000 in 1919.

The United States, developed the production of pork products to a very great extent during the war. The number of pigs in 1919 was increased to 75,500,000 i. e. 17,000,000 greater than before the war and

in the period January to October 1919, 741,000 tons of bacon and hams were exported as compared with 762,000 tons in the whole of 1918 and 202,000 tons in 1913.

Lard.

The situation as regards lard is similar to that of bacon and hams. The United Kingdom may be regarded as the heaviest importer of lard, the annual consumption being about 100,000 tons, of which 80,000 has to be provided from abroad.

Germany normally imported 100,000 tons annually and in the first six months of 1919, imported 21,600 tons of lard under the Armistice Agreement.

Holland has recently recommenced the export of lard to Germany. In the first nine months of 1919 Holland imported 2,600 tons from U. S. A., but exports now exceed imports. The pre-war export from the United States amounted to 242,000 tons which dropped to 200,000 in 1916-17, but was increased (as a result of Mr. Hoover's campaign) to 298,000 tons in the 10 months, January to October, 1919, of which 90,000 tons came to the United Kingdom. Canadian production has increased to the point of self sufficiency. Exports from countries other than the United States are negligible.

D. DAIRY PRODUCE

Condensed Milk.

The production of milk remains far below the pre-war level in most European countries. Before the war the United Kingdom was the chief European importer of condensed milk, taking about 70,000 tons a year. The present importation requirement has increased to 11,000 tons a month or 132,000 tons annually. France and Italy are no longer in a position to export dairy produce, but require to make good the deficiency in home production by a considerable import.

The demand for imported dairy produce in the disturbed areas of Europe has been concentrated mainly on condensed milk for children's use, the shortage of finance limiting expenditure to cereals and pig meat, rather than to dairy produce. The American Children's Relief Administration alone, supplied from March to August 1919 10,000 tons for children in Relief countries, of which more than half was sent to Austria, Czecho-Slovakia and Yugo-Slavia, and the remainder to Roumania and Northern Europe. These supplies were in addition to quantities which were provided for general consumption by other official and private organisations.

Exports of condensed and evaporated milk from the United States increased thirty-three times between 1914 and 1918, and during 1919 exports were at the rate of nearly 30,000 tons a month.

Increased cost of production in the United States has raised prices in this principal source of supply from 28/6 per case f. o. b. for full

cream to sweetened condensed milk in June 1918 to 33/6 in January 1919, and for evaporated milk from 20/ to 25/6. Before the war, Holland and Switzerland together, exported 40,000 tons annually and Norway 14,000 tons. These exports have almost entirely ceased. Certain quantities are now obtained from the Argentine.

Butter.

Position before the war. The pre-war exportable surplus of butter was distributed between exporting countries in the following ratio:—

	<i>Tons</i>
Denmark	95,000
Siberia	77,000
Holland	39,000
Australia	32,000
Sweden	20,000
New Zealand	16,000
France	14,000
Argentine	7,000
Norway	1,000
Canada	1,000
 Total	 302,000

Of these quantities are [*sic*] the United Kingdom absorbed 210,000 tons and Germany 56,000 tons. The United Kingdom supply originated mainly from Denmark, Siberia, Australasia, New Zealand, Sweden and France.

Present position. The exportable surplus from both Australia and New Zealand up to the end of August 1920 has been purchased by the British Ministry of Food. The quantity available from New Zealand will be practically the same as the average in prewar years, but from Australia supplies will probably be only about one-third to one-half of the figure given above owing to severe drought during September to December, the first few months of the producing season. Production has increased considerably in the Argentine during the last few years, and the annual exportable surplus is now more than double the prewar figure. Only small quantities of butter can be expected from Canada in the coming season, which will not begin until the middle of May, but stocks at present held in the United States are about twice the size of those held at this time last year, and if the anticipated drop in prices occurs these stocks may be let loose for export to Europe. Adverse exchanges both in the case of the Argentine and the United States are hindrances in the way of liberal importation by Europe. In Siberia the chief obstacles are the dislocation of industry and transport difficulties. The only practicable route is by way of the mouth of the Rivers Oli, and Yenesi, and the quantity that can be lifted from these sources is not likely to be more than 10% of her prewar export.

As regards European countries, in Denmark production which decreased by 30% during the war is now rapidly expanding, and it is estimated that about 75% of the prewar exportable surplus will be available for export during the present year, provided the Danes can secure a remunerative price. France has been importing butter during the last few months, but will probably not require supplies from outside after May. It is probable that Sweden and Finland will have a surplus with the coming of spring and summer, and there is evidence to show that Holland is finding difficulty in disposing of her exportable stocks at present, the anticipated German demand having been curtailed owing to difficulties of exchange and lack of money and credit.

Cheese.

Before the war, the United Kingdom imported 120,000 tons of Cheese, which was more than half the exportable surplus of the world, the remainder going almost exclusively to Germany, France, U. S. A., Belgium and Austria-Hungary.

The prewar exportable surplus was as follows:—

	Tons
Canada	80,000
Holland	60,000
Switzerland	30,000
New Zealand	27,000
Italy	27,000
<hr/>	
	224,000

Exports from Canada dropped to 10,000 tons in 1918-19, whilst New Zealand owing to the remunerative prices obtained for Cheese as compared with Butter, increased to 59,100 tons in the period January to September 1919, alone.

In May 1918 the entire exportable surplus of Canadian Cheese was bought by the British Ministry of Food at 23 cents per lb. subsequently raised in respect of 10,000 tons to 25 cents at the end of the season. In May 1919 it was decided to open the market to private trade the price then fluctuated between 29 to 32 cents, then fell to 25 cents. In July the Ministry of Food resumed control and bought 20,000 tons of Canadian cheese at 25 cents.

Exports from European countries have almost entirely stopped, except from Holland, whence an export from January to August of 10,000 tons is expected.

It may be assumed that there are ample supplies of Cheese to cover requirements.

[E.]—MARGARINE

The chief importance of oilseeds and the oil extracted from them, apart from technical uses, is in the manufacture of margarine and

compound lard. The increase in the price of butter, which has been greater than in almost any other food, and the reduction in herds during the war with corresponding shortage in milk supplies and deficiency in refrigerated tonnage has led to the substitution of margarine for butter on a large scale. A table is attached showing the latest estimate prepared early in the cereal year 1918-19 of the constituents of margarine for European manufacture.

It is difficult to state what changes took and will take place in the constituents used firstly because oils and fats are interchangeable, secondly because interchangeability and consumption depend on price.

The normal import by Europe of oils, fats and oil producing seeds was two million tons, which chiefly came from the East Indies, China, North America and the Argentine. More will be needed now, and the prospects are encouraging in so far as the tropical islands—the Philippines, Dutch East Indies and Fiji Islands—with West Africa, are increasing their amount of export, chiefly of copra, palm kernels and ground nuts. There should therefore be no serious deficiency of fats in the European diet, assuming that finance can be found to enable supplies to come forward.

ESTIMATED TOTAL REQUIREMENT OF MARGARINE MATERIALS IN EUROPE, 1918-19
(Prepared November 1918)

¹ In this table the requirements for the U. K. are added. These requirements are calculated, not on a pre-war basis, but on a scale allowing for the production of sufficient home produced margarine to make the U. K. self-supporting. It is presumed that Holland's exportable surplus will be sent to Germany after the war at any rate at first.

	Germany	Holland	Denmark	Norway	Sweden	U. K.	Total
Total Margarine required . . .	Tons 250,000	Tons 130,000	Tons 30,000	Tons 30,000	Tons 20,000	Tons 470,000	Tons
Ingredients—Soft Fats.							
Sesame Oil	25,000	4,000	· · · · ·	3,000	3,000		32,000
Ground nut Oil	13,000	10,010	3,000	3,000	1,000		30,010
Cotton Seed Oil	12,000	24,900	5,000	5,010	2,000		48,970
Soya Bean Oil	3,000	1,950	· · · · ·	990	· · ·		5,940
Colza Oil	2,000	1,040	· · · · ·	· · · · ·	· · · · ·		3,040
Total soft fats	55,000	37,900	12,000	9,000	6,000	100,000	210,960
Vegetable Hard Fats.							
Coconut Oil	70,000	30,030	22,000	3,990	8,000		134,020
Palm Kernel Oil	25,000	4,940	· · · · ·	· · · · ·	· · · · ·		29,940
Total vegetable hard fats.	95,000	34,970	22,000	3,990	8,000	240,000	403,960
Animal Fats.							
Oleo Oil	25,000	10,010	2,000	4,500	1,000		42,510
Oleo Stock	20,000	10,010	2,000	6,000	1,000		39,010
Neutral Lard	20,000	20,020	4,000	2,010	1,000		47,030
Total animal fats	65,000	40,040	8,000	12,510	3,000	60,000	128,550
Total Hard Fats	160,000	75,010	30,000	16,500	11,000	300,000	592,510
Total Soft Fats	55,000	37,960	12,000	9,000	6,000	100,000	219,960
Vegetable Fats	150,000	72,930	34,000	12,990	14,000	340,000	623,920
Animal Fats	65,000	40,040	8,000	12,510	3,000	60,000	188,550
Total all Fats	215,000	112,970	42,000	25,500	17,000	400,000	812,470

*These quantities represent totals of various oils, and are included in the general totals of each category only.

F. SUGAR

The world's sugar position, as in the case of wheat, centres round the European production. It is true that the cane sugar output of the world has increased by about $2\frac{1}{4}$ million tons since 1913-14 but in the same period the European beet sugar production has decreased by about $4\frac{1}{2}$ million tons, and the estimated figures for 1919-20 show a decrease of 500,000 tons on the supplies available in 1918-19. High prices have not sufficed to reduce the consumption in either the United States or the United Kingdom and a condition of semi-control has been followed in the United Kingdom by a reversal to a state of complete control. The high prices ruling for sugar will doubtless stimulate production but for the present it will be necessary to secure a decrease in demand in order that supplies may be sufficient for distribution.

In May 1919 quotations for White Java, White Mauritius and American granulated sugar were at the equivalent of 71/- per cwt., duty paid, while at the end of October these sugars commanded 113/- to 118/-. In June last the American Equalisation Board, which had arranged the purchase of the entire 1918-19 Cuba crop and controlled the import of all sugars into the United States announced that its existence would not continue after 31st December. As a result the purchase of the 1919 crop was thrown open to private trade. In May 1919 the price of old crop Cuba sugar was \$5.50. In October 1919 the price for new crop had risen to \$7.75 and in January 1919 to \$12. With the recent decision to continue the existence of the Board it was hoped that the balance (over 80%) of the crop might be obtained at a satisfactory price but in fact the Equalisation Board is not proceeding to purchase the balance which is being left to private firms. The result is that prices show little sign of decrease, owing to the increased consumption of sugar in U. S. A., attributed largely to the prohibition of the use of beer and spirits. The reason for the U. S. A. Government's not acting as a buyer and distributor of sugar is contained in the following statement given out by Secretary Tumulty in announcing the coming into law of the McNary Bill.

"The President has signed the Sugar Control Bill. This bill confers discretion on the President in the matter of purchasing sugar from Cuba. It is doubtful whether it will be practicable or wise for the President to exercise the powers conferred so far as the purchase and distribution of sugar are concerned. Some of the Cuban sugar has already been purchased, and there is no central control over sugar in Cuba as there was last year, and it might therefore be impossible for the Government now to step in and purchase the sugar without increasing the price to the consumer. The bill, however, continues the licensing power also, and this power may be used to assist in controlling profiteering among distributors. Much Cuban sugar is coming in now, and the indications are that prices have reached their

peak, and that there will be a tendency for prices to fall in the next few weeks."

The only country in Europe with an exportable surplus of sugar is Czecho-Slovakia. This surplus was estimated at about 300,000 tons but owing to poor crop outturn and bad weather the sales have been limited to 100,000 tons to France a certain quantity to Holland and a further 20,000 tons which the Czecho-Slovak Government desire to exchange for wheat flour. Czecho-Slovakia has agreed to supply Austria with 30,000 tons of sugar, to be paid for in Czecho-Slovak crowns.

The estimated world's production of cane and beet sugar in all countries in 1919-20 compared with 1913-14 out-put is as follows:—

CANE SUGAR PRODUCTION
Tons

	1913-14	1919-20
Cuba	2, 500, 000	4, 300, 000
Porto Rico, Haiti, San Domingo, Guadaloupe, Martinique	516, 000	640, 000
Dutch East Indies	1, 345, 000	1, 136, 000
Mexico	130, 000	85, 000
Brazil, Argentine, Peru	570, 000	675, 000
Japan, Formosa	251, 000	300, 000
British India	2, 263, 000	2, 800, 000
Mauritius	250, 000	242, 000
British West Indies	191, 000	218, 000
Australia	225, 000	275, 000
Egypt	58, 000	90, 000
U. S. A.	268, 000	118, 000
Hawaiian Islands	577, 000	560, 000
Demarara	122, 000	100, 000
Philippine Islands	305, 000	225, 000
Réunion, Natal, Mozambique	178, 000	250, 000
Total.	9, 749, 000	12, 014, 000

BEET SUGAR PRODUCTION
Tons

	1913-14	1919-20
Austria-Hungary	1, 519, 000	See Czecho-Slovakia
Belgium	204, 000	125, 000
France	703, 000	150, 000
Germany	2, 382, 000	770, 000
Holland	224, 000	200, 000
Italy	322, 000	150, 000
Russia	1, 526, 000	350, 000
Spain	165, 000	120, 000
Denmark	143, 000	150, 000
Sweden	134, 000	130, 000
Czecho-Slovakia	See Austria	520, 000
U. S. A.	655, 000	800, 000
Canada	20, 000	3, 485, 000
	7, 977, 000	

ESTIMATED IMPORT REQUIREMENTS 1920 REDUCED BY STATUTORY OR FINANCIAL LIMITATION

	Tons	
United Kingdom	1,100,000	
France	550,000	
Italy	50,000	
Belgium	20,000	
Norway	60,000	
Austria	120,000	Will import from neighbouring States.
Hungary	40,000	
U. S. A.	3,000,000	Import may be considerably higher owing to increased consumption.
Germany*	150,000	If finance available.

*German Government has fixed a price for roots which it is contemplated will afford encouragement for extension of beet planting.

Appendix 324

Note by the British Delegation on the Present Position of the Repatriation of Prisoners of War in Siberia

This question has been considered in the past repeatedly by the Supreme Economic Council and it was largely at its instance that the Supreme Council on September 27th, 1919 passed the following resolution:—^{15c}

"It is decided that a Commission composed of one Austrian [American], one British, one French and one Italian officer shall be set up to take in hand the repatriation of the German, Austrian and Hungarian prisoners in Siberia.

It is further decided that the repatriation of the Czecho-Slovak troops now in Siberia shall be carried out before that of the German, Austrian and Hungarian prisoners."

On October 2nd, this resolution was modified ¹⁶ by the addition of Polish, Yugo-Slovak and Rumanian prisoners to the prisoners to be repatriated before the Germans, Austrians and Hungarians.

A Japanese officer was also added to the Commission.

The Commissioner presented a report to the Supreme Council which was approved by that body on 29th October ¹⁷ in which it stated that the provision for the initial repatriation of the friendly troops made it desirable that the scope of its functions should be extended to cover the repatriation of these bodies, and further that in view of the complexity of the problems involved in the question of repatriation, each of the principal Allied powers should have an additional representative for political purposes and an expert financier.

^{15c} See HD-62, minute 7, vol. viii, p. 411.

¹⁶ See HD-65, minute 4, *ibid.*, p. 488.

¹⁷ See HD-78, minute 7, *ibid.*, p. 808.

The attention of the Commission has in fact been devoted exclusively to the question of repatriation of the friendly troops. Of these, there are roughly the following numbers in Siberia :—

Czecho-Slovaks	54,000
Poles	12,000
Yugo-Slavs	4,000
Roumanians	2,000

Totalling about 72,000

A provisional agreement has been arrived at with regard to their repatriation. It has been agreed that half of the cost of repatriation of these 72,000 men shall be borne in the first instance by the United States and half in the first instance by the British Empire.

The question of the participation of the French Government in this expenditure is still under discussion. The French Government have borne hitherto the provisional cost of the maintenance, in accordance with the agreement of July 16th, of these troops in Siberia.

The American Government is arranging the shipping of the 36,000 prisoners for which it is responsible, and the British Ministry of Shipping is providing ships to repatriate the remaining 36,000.

The necessary organisation, however, for collecting and railing the men to Vladivostock does not yet appear to have been set up.

The British Treasury now states that the cost of repatriating 36,000 men will be £1,440,000. One British boat with 1,500 men on board has already left Vladivostock for Trieste and another is expected to arrive early in February also to go to Trieste.

It is clear that it will take several months before the Allied prisoners are repatriated and before the enemy prisoners can be repatriated by the same means, and even then it will be dependent upon finance being available.

In the meantime the position of these men who are estimated to number from 150,000 to 200,000 men is appalling and it is likely that only a small proportion of them will still be alive when their turn comes for repatriation, unless something is done in the meantime for their maintenance.

The majority of these men are at present in concentration camps in the Government of Omsk and it is conceivable that with the overrunning of this district by the Bolsheviks, the prisoners may ally themselves to the Bolshevik army as the only alternative to death.

The German Foreign Minister has stated recently that he hopes to come to an agreement with the Soviet Government for the exchange of German prisoners who would be repatriated by land through the Baltic Provinces where hostilities have now ceased.

Appendix 325

[*Letter from Mr. Gerald Spicer of the British Foreign Office to the British Council Officer, Supreme Economic Council*]

FOREIGN OFFICE, January 15, 1920.

SIR: With reference to your letter numbered Finance 68 of October 7th last, I am directed by Earl Curzon of Kedleston to transmit to you the accompanying copy of a telegram¹⁸ from His Majesty's Acting High Commissioner at Irkutsk on the subject of the repatriation of German, Austrian and Hungarian prisoners of war in Siberia.

Mr. Lampson states that early in December a meeting of Allied representatives was held at Vladivostock to discuss this question, and it was decided that an appeal should be addressed to their respective Governments urging them to send relief to Siberia without delay, in order to prevent the prisoners dying of hunger and cold during the course of the winter. Mr. Lampson estimated that there were about fifty-five thousand Austrian and about ten thousand German prisoners of war in the part of Siberia still unoccupied by the Bolsheviks.

His Lordship is not aware what progress has been made with the formation and despatch of the interallied Commission referred to in Mr. Gorvin's letter of the 7th October last, but unless this commission is already on the spot it would be too late to produce any useful results during the present winter. If money for the relief of enemy prisoners of war in Siberia were forthcoming there would be no difficulty in forming an inter-allied administrative committee from the Allied Missions in Vladivostock.

The question of the repatriation of these prisoners must stand over till the Czecho-Slovak, Poles, Roumanians, Serbs and Letts (seventy-two thousand in all) have been repatriated. The transportation of these troops has been begun but can hardly be completed before the lapse of several months.

In the meantime it appears to His Lordship that the allied governments are obliged by motives of common humanity to furnish some immediate relief. He understands that the Supreme Economic Council have no funds available from which such a charge could be met, but he suggests that a simultaneous appeal should be made by them to all the Allied and Associated Governments for a special appropriation. Lord Curzon recognises that the burden of relief would fall mainly on this country and on the United States, and that the proposed expenditure would have to be considered as practically irrecoverable even if it took the form of advances to the German, Austrian and Hungarian Governments. He is alive to the objections on this

¹⁸ Not attached to file copy of this document.

head which would be raised by the financial authorities both here and in America but he is disposed nevertheless to think that if public opinion in this country were fully alive to the deplorable condition of ex-enemy prisoners of war, if, for instance, they happened to be interned in this country, instead of in Siberia, then that public opinion would refuse to acquiesce in those objections.

I am to request that you will bring this question to the attention of the Supreme Economic Council with the least possible delay.

Copies of this letter have been sent to the Treasury, War Office, Ministry of Food and His Majesty's Embassy at Paris.

I am [etc.]

GERALD SPICER

Appendix 326

Note by the Permanent Committee [Regarding the] Re-Establishment of Trade Relations With Russia

On the 16th January the Supreme Council took a decision relative to commercial relations with Russia on the lines indicated in the following communiqué:

With a view to remedying the unhappy situation of the population of the interior of Russia which is now deprived of manufactured products from outside Russia, the Supreme Council, after having taken note of the report of a Committee appointed to consider the reopening of certain trade relations with the Russian people, has decided that it will permit the exchange of goods on the basis of reciprocity between the Russian people and Allied and Neutral countries.

For this purpose it decided to give facilities to the Russian Co-Operative Societies which are in direct touch with the Peasantry throughout Russia, so that they may arrange for import into Russia of clothing, medicines, agricultural machinery and the other necessities of which the Russian people are in sore need in exchange for grain, flax, etc., of which Russia has surplus supplies.

These arrangements imply no changes in the policy of the Allied Governments towards the Soviet Government.

At the same time the Supreme Council remitted to the Supreme Economic Council and to its Permanent Committee the settlement of any economic questions of an inter-allied nature which might develop as the result of its decision.^{18a}

The Permanent Committee submits to the Council the following report of the action taken to date in execution of the Supreme Council's decision.

On January 21st a wireless message drafted by the representatives in Paris of the Russian Union of Co-Operative Societies was des-

^{18a} See ICP-21, minute 1, vol. IX, p. 889.

patched to the President of the All-Russian Central Union of Co-Operative Societies in Moscow (See Annex 1). This message communicated the gist of the report by the Sub-Committee established by the Supreme Council (Appendix 2) and asked for a definite reply to the questions whether the Co-Operative Societies in Russia could be authorised to enter into negotiations for the exchange of grain, flax and other raw materials against prime necessities for the Russian population; whether a guarantee could be given for the perfect safety of goods to be shipped into Russia; what kinds of raw materials were available for export and of what goods Russia stood in most urgent need.

It further proposed to despatch to Russia a delegation of Russian Co-Operative Societies outside Russia and asked whether safe conduct into and out of Russia would be granted to them.

On the 24th January a reply was received from the Central Union of Co-Operative Societies in Russia (Appendix 3). The message stated that the Soviet Government had given permission to the Central Union of Co-Operative Societies to enter into direct commercial relations with Co-Operative Societies and with private firms in Western Europe; gave guarantees concerning the protection of all goods exported and imported under the proposed arrangements and accepted the proposal of a delegation for Moscow.

This reply was discussed at the 9th meeting of the Permanent Committee on the 26th January, 1920, and the following decisions were taken.

It was agreed that the Union of Co-Operative Societies in their reply to the telegram from Moscow should be requested to ask for a definitive assurance that their colleagues in Moscow had received formal permission from the Soviet Government to export cereals and other raw materials from Russia.

It was agreed that the question of the actual methods of purchase and distribution should be referred to the Consultative Food Committee so far as contracts for grain were concerned.

It was agreed that the Neutral Governments should be immediately informed through their respective Foreign Offices of the Allied Powers of the action taken under the Supreme Council's decision.

It was agreed that it would be desirable to discuss certain details of the scheme with M. Berkenheim and his colleagues of the Russian Co-Operative Societies at an early date.

The Russian Co-Operative Societies replied to the wireless message from Moscow on January 27th (Appendix 4).

On Wednesday, January 28th, the Permanent Committee held an interview with Messrs. Berkenheim, Morossoff and Polovzev. A note of the proceedings is attached (App. 5).

APPENDIX I

Copy of Cablegram Received From Sir William Goode, Paris, January 20th, 1920, 10 a.m.

Following for James from Wise.

Supreme Council approved today¹⁹ immediate despatch of following wireless telegram by Russian Cooperative Representatives to their headquarters in Moscow and remitted to Supreme Economic Council and its permanent Committee settlement of any economic questions of an inter-allied nature which may develop.—

“Moscow Demetrius Koroboff President of All Russian Central Union of Consumers Societies January 14th Berkenheim reported in Supreme Council²⁰ Clemenceau, Lloyd George, Nitti views of Russian Cooperation regarding trading relations with Russia. January 16 Supreme Council decided that whilst maintaining its general policy towards the Soviet Government.

1. The Allied Governments should inform the co-operative organisation[s] that they are prepared to permit the exchange of goods on the basis of reciprocity between the Russian people and allied and neutral countries and should invite these organisations to export surplus grain food and raw materials from Russia so as to provide exchange for clothing and other goods needed by Russia it being clearly understood that the value of goods allowed to be imported into Russia will be equivalent to the value of goods exported over a reasonable period from Russia.

2. Centrosoyus would then communicate by wireless with its headquarters in Moscow and enquire whether the co-operative movement was prepared to undertake the responsibility for handling the export and import of goods and whether such exchanges were practically possible. Representatives of Centrosoyus would at once proceed to Moscow to discuss details.

3. The co-operative headquarters in Moscow would ascertain, whether it would be permitted to export grain, flax etc. and whether transport and other necessary facilities would be afforded to it.

4. On receipt of a reply the co-operative headquarters would then communicate its decision to Berkenheim Paris.

5. If the co-operative headquarters are prepared to undertake this responsibility Centrosoyus and other co-operative organisations abroad would then be prepared to make definite contracts to supply grain, flax, etc., from Russia provided that they were financed at the beginning up to 25% of the full value of the contracts either direct or through British, French or Italian co-operative organisations or private traders.

6. The balance of the credits required they would themselves provide from their own resources in London Paris etc or by ar-

¹⁹ Meeting of January 19, 1920; see ICP-21, minute 1, vol. ix, p. 889.

²⁰ There is no record of this meeting in the files of the Department of State.

rangement with the British French or Italian co-operative movement or private bankers or traders.

7. They would immediately proceed to start the shipment of goods purchased with these credits to the Black Sea or the Baltic Ports any loss falling on them if the goods were confiscated or destroyed.

8. With regard to transport the co-operative headquarters at Moscow would endeavor to secure at least four complete trains for use to and from the Black Sea ports. If this was impossible Centrosoyus and his associates would utilise some of their credits for purchasing trucks and locomotives in allied countries. They would in any case send out a number of lorries to assist the railways.

9. As soon as it became clear that grain, flax, and other raw materials started to be moved out of Russia the contracts would of course be considerably extended so as to cover the full amount of at least for example one million tons of grain which it is estimated can be exported within reasonable time.

Firmly believe you entirely agree with us that for reopening of trading conditions with our suffering country all which is in human power must be done. We ask you to submit the invitation and conditions of Supreme Council to our headquarters who we hope will do their best to convince all authorities concerned to use this opportunity of reestablishing economic life of Russian people and country. Wire your definite reply, following questions.

1. Will Centrosoyus together with other co-operative organisations be duly authorised to export from Russia in exchange for prime necessities for civil population the surplus grain, flax and other raw materials?

2. Can we accept in the name of Centrosoyus full responsibility for perfect safety of all goods to be shipped into Russia?

3. What quantities and what kinds goods do you need most urgently and to where should they be shipped?

4. What quantities [and] what raw materials are or may be at your disposition in what time and in which ports can you deliver them. What obligations can we accept in our name.

5. What route should our delegate[s] take on their way to Moscow. What measures have been taken for their safe conduct and immediate return to Paris?

6. In case all proposed conditions are accepted you must immediately start export on the biggest scale at the same time we will organise here import for Russia.

Report by wireless about all important decisions and events. Our representatives leave immediately. Expect your prompt definite reply Centrosoyus, Paris. Members of Board Berkenheim, Vakhmistroff, Selheim, Lenskaya, Stenzel".

Make arrangements for despatch today from London. Wire me immediately telegram despatch.

APPENDIX II

[Here is omitted a report, dated January 15, 1920, of the committee appointed to consider the reopening of certain trading relations with the Russian people. For text of the report, see appendix A to ICP-18, Volume IX, page 868. Its nine main points are also set forth in the telegram quoted in appendix I, *supra*.]

APPENDIX III

Marconigram

24 JANUARY, 1920.

Received via Marconi at 3.23 a. m.

Sub Rush 4/24 Ga. Towyn Rush 218.

BRADFIELD, *Marconi House*.

2.45 a. m. following received from Moscow.

"S.NR.1169.W186, 24/13.00—Carnarvon, Berkenheim, Vakhmistroff, Selheim, Lenskaia—January 23rd. In reply to your wireless dated Carnarvon January 20th we inform you Firstly the Central Union of Co-operative Societies has received from the Soviet Government permission to enter into direct commercial relations with Co-operative Societies as well as with private firms of Western Europe, America and other countries. Secondly the Central Union of Co-operative Societies has received from the Soviet Government all guarantee concerning the protection of all goods exported and imported by the Central Union Co-operative Societies. Thirdly the Central Union of Co-operative Societies is ready to immediately undertake exchange of goods. Fourthly as to your question with reference to the Delegation coming over to Moscow, the Central Union of Co-operative Societies has received from the Soviet Government permission for its unhindered passage into Russia, as well as for its unhindered return. Supply by wireless names of delegates and the Soviet Government will give them personal permits and will indicate route to be taken. President of Central Union of Co-operative Societies, A. Lezhava. Vice-President, D. Koroboff. Secretary, M. Paretchny."

APPENDIX IV

Draft Telegram to the President of the All-Russian Central Union of Co-operative Societies, Moscow

In reply to your wireless S.NR.1160[1169].W.186, 24/15[13].00/, we assume from your answer that you have definite authority for export of grain, flax and other raw materials from Russia in ex-

change for commodities to be imported from Allied and Neutral countries for the Russian civil population. Please confirm that this is the case. Names of Delegates are Nicolas Makeev, Theodor Shmelev, Ivan Bubnov. They will leave immediately your reply indicates route to be taken by them. Paris Conference of Delegates of All Russian Co-operative Organisations abroad consider necessary that all Russian Co-operative Organisations should jointly take part in exchange of goods. Steps have already been taken to secure in connection with this scheme participation and assistance of British, French, Italian and other Central Co-operative Organisations in Allied and Neutral countries. On behalf of All-Russian Co-operative Organisations.

BERKENHEIM
MOROSOFF

APPENDIX V

Note of a Meeting Between the Permanent Committee of the Supreme Economic Council and Representatives of the Central Union of Russian Co-operative Societies, January 28, 1920

PRESENT:—

Mr. Wise	Great Britain (in the Chair).	Permanent Committee.
M. Maskens	Belgium.	
M. Cambon	France.	
Dr. Giannini	Italy.	
M. Berkenheim.	Representing the Central Union of Russian Co-Operative Societies.	Secretariat, Permanent Committee.
M. Morosoff.		
Dr. Polovzev (Chief Secretary)		
Mr. James.		
Capt. Thompson.		
M. Le Tellier.		
M. Frederix.		
M. De Boissiere.		
M. Bertelli.		

The Chairman explained that the meeting was called for the purpose of affording opportunity for a preliminary conversation as to the best method of solving outstanding difficulties in the practical work of resuming trade intercourse with the Russian people. He thought it would be best if the discussion were carried out by means of question and answer on specific points.

The Chairman first drew attention to the fact that in the reply received 24-1-20 from Moscow ²¹ no mention was made of the avail-

²¹ See appendix III, *supra*.

ability for export of the commodities specifically required by Allied and neutral countries. A question on this point had been inserted into the telegram answering the message on 24 [27]-1-20²² and he would like to ask whether M. Berkenheim thought that the general guarantee given in that telegram could be held to cover the specific commodities in question.

M. Berkenheim gave it as his opinion that his colleagues in Moscow had received permission to export the required commodities, but he pointed out that the question of obtaining permission for export from Russia must be distinguished from the question of actually exporting. He was persuaded that imports into Russia would have to precede exports from Russia. In any case a definite answer would be given on these points after discussions in Moscow between the delegates of the Russian Co-Operative Societies outside Russia and their Russian colleagues.

Dr. Giannini enquired what would be the practical working of the clause which provided that the Co-Operative Societies should be financed at the beginning up to 25% of the full value of contracts made; what guarantees would be given by the Co-Operative Societies.

M. Berkenheim replied that the Co-Operative Societies would not take any advance until they had had a definite reply from their colleagues as to what would be in each instance guaranteed. He assumed that the beginning of the resumption of trade relations would be made on a small scale and expanded afterwards, but, after the early exchanges, the question of credits would arrange itself automatically.

M. Cambon asked whether any guarantees in the shape of securities, etc., were at the disposal of the Co-Operative Societies in countries outside Russia.

M. Berkenheim replied that the total value of securities of this nature amounted to about £3,000,000 sterling.

The Chairman referred again to the financial difficulty arising in the shipment of the first few cargoes to and from Russia and stated that in these cases it was considered fair that some part of the financial risk involved should be borne by the Co-Operative Societies. M. Berkenheim gave a general concurrence. He pointed out that the Co-Operative Societies now possessed merchandise in Constantinople, returned thither from Novorossisk. The Co-Operative Societies were prepared to take the risk of putting that merchandise into Odessa. The value was about £400,000 sterling in clothing, matches, paper and other manufactured goods.

In answer to M. Berkenheim, the Chairman stated that as regards finance he thought the opinion of the British Government would

²² See appendix IV, *supra*.

certainly be that the country which provided finance for a particular purchase of goods for Russia would expect that purchase to be made in its own country.

In reply to a question from M. Cambon, M. Berkenheim stated that the Delegation from the Co-Operative Societies outside Russia was ready to leave for Moscow at the end of the week and would reach its destination in about a week. One of its first duties would be to take up in detail questions of stocks available for export, ports, transport of commodities etc. His Committee had prepared a list of questions to be submitted by the Delegation to their Colleagues in Russia. It would be desirable that the members of the Permanent Committee should formulate questions which they wished asked for inclusion in this list.

It was agreed that the delegates should send immediately to M. Berkenheim through Mr. James any questions of this nature.

With regard to the question what kinds of goods were most required in Russia, it was pointed out to M. Berkenheim that there might be considerable difficulty in placing orders in the various Allied countries, and that it would be well if his Committee could furnish the Permanent Committee as soon as possible with a list of commodities urgently needed. M. Berkenheim agreed to do this.

Alluding to the question of railway material and especially locomotives and wagons, the Chairman pointed out to M. Berkenheim that a difficulty arose in the shipment of such goods to Soviet Russia, inasmuch as the railways were owned by the Soviet Government. Would it be possible in this case for the Co-Operative Societies to buy the material?

M. Berkenheim thought that it would be possible, and recalled the fact that the Co-Operative Societies had negotiated with the Government of the United States for railway material to be supplied in General Denikin's area. In this case the Co-Operative Societies asked for and obtained authority to retain this railway material for their own purposes. He suggested that in the same way it would be possible for the Co-Operative Societies to retain railway material purchased by them and employ it for their own commercial purposes on the railways of Soviet Russia.

In reply to a question concerning lorries, M. Berkenheim stated that they would be very useful in certain districts, especially in South Russia where the ports were not very far from stocks of grain, e. g. in the districts of Berdyansk and Mariupol.

M. Maskens asked whether it would be possible to construct rolling stock, etc. in the South of Russia. M. Berkenheim replied that it might be possible; there were large factories of this sort in several centres, notably at Nikolaiev.

In reply to M. Berkenheim, the Chairman explained what, in his view, would be the method for the purchase of Russian supplies. As regards grain, the Consultative Food Committee had arranged that it should be purchased on behalf of all the Allies through the Wheat Commission, which would make bulk contracts f. o. b. and from time to time give directions where ships should be sent, details as to quality, allowances, etc. being settled in advance.

As regards flax, purchases on behalf of Great Britain, at least, would probably be centralised through the Flax Control Board.

As regards shipping, it was agreed after discussion that M. Berkenheim should see representatives of the British Ministry of Shipping. Dr. Giannini pointed out that it would probably be advisable in this connection that charters should be made by the Allied Governments.

M. Berkenheim asked whether the Allied Governments had not at their disposal certain stocks which they might wish to sell to Russia.

The delegates agreed to consult their Governments on this point.

In answer to a question from the Chairman, M. Morossoff stated that the chances of supplies coming forward from Siberia were very remote owing to the difficulty of transport.

Finally M. Berkenheim stated the composition of the delegation about to proceed to Moscow.

M. Nicolas Makeev was President of the All-Russian Union of Zemstvos, under Kerensky, and was now Chief Secretary of Centrosoyus Direction in London.

M. Theodor Schmelev was President of the Flax Co-Operative Society in London.

M. Ivan Bubnov was Managing Director of the Narodny Bank in London.

Appendix 327

Following message received from Moscow 5.30 p. m. SS ur 1255.
"4/2 London W. 313 Berkenheim and Morossoff. February 2nd [4th?]. Re your wireless we report decision of Managing Board: First Central Council co-operative societies has received from Soviet Government full rights and powers to export raw materials in exchange for implements indispensable for Russians. Second Central Council Co-operative societies unites all Co-operative organisations of Russia and acts as their sole representative. Third in conformity with the message received by Central Council Co-operative Societies from the Soviet Government your Delegates have to obtain the necessary permits to enter Russia and receive instructions as to route to be followed by applying to Litvinoff at Copenhagen. Fourth

the Managing Board of Central Council Co-Operative Societies is doubtful whether the arrival in Russia of the three insufficiently authoritative co-operators proposed by you will push forward the organisation of commercial relations. Central Council Co-operative Societies considers it therefore more practical to send immediately abroad independently of the arrival of your Delegation its own representatives supplying them with all the necessary information as well as wide discretionary powers. Central Council Co-operative Societies is of opinion that its delegation must obtain permission to come from Russia and the necessary guarantee of unhindered return to Russia. Besides sending your reply to this point by wireless communicate it to Litvinoff at Copenhagen whom Central Council Co-operative Societies appointed Chairman of above-mentioned Delegation. By appointing as its representative Litvinoff who is at present at Copenhagen and has every facility in daily obtaining necessary business data from managing board the latter aims at starting as soon as possible without waiting for the arrival of Delegation and avoiding delays connected with negotiations by wireless and sittings of Managing Board after each wireless. The exchange sovietal [sic] for both countries of Russian raw materials for foreign goods. Chairman Managing Board, A. Lezhava. Vice Chairman, D. Koroboff.”

Appendix 328

Reply to Moscow as Drafted by the Representatives of the Russian Co-operatives

Your telegram of February 4th received.²³ First we acknowledge that Central Council co-operative Society has received from Soviet Government full rights and powers to export raw materials in exchange for implements indispensable for Russia. Second we note the fact that the Central Council Co-operative Societies unites all Co-operative organisations. Third Representatives of Centrosoyus Nikolai Makeev and of Flax Association Fedor Smelev are leaving to-day for Copenhagen with a view to proceeding immediately into Russia. Bubnoff held up by sickness will leave in a few days. We consider our first delegation as beginning of Permanent trading relations and would ourselves appreciate arrival and help of authoritative co-operators who could supply us with authentic information of all your views. Please send us names of proposed co-operative delegates so that we may submit permits from Allied Governments. We firmly believe that reopening of trading relations with Russia is at present possible only because of non-political character of Russian co-operation and of

²³ See appendix 327, *supra*.

strictly economic and non-political course adopted by Russian co-operation. We consider therefore absolutely indispensable that our action should be absolutely separated from any other action not purely economic and that action of co-operative organisations should have no other aim than re-establishing trading relations in all classes of articles indispensable for Russia.

Appendix 329

[*Telegram*] to the President of the All Russian Central Union of Cooperative Societies, Moscow

No. 4. Your telegram of February 4th received. First we acknowledge that Central Council Cooperative Society has received from Soviet Government full rights and powers to export raw materials in exchange for implements indispensable for Russia. Second we note the fact that the Central Council Cooperative Societies unites all Cooperative organisations. Third Representatives of Centrosoyus Nicolai Makeev and of Flax Association Fedor Smelev have left for Copenhagen with a view to proceeding immediately into Russia. Bubnoff held up by sickness will leave in a few days. Please inform us of names of Cooperators whom you propose to send as delegates so that we may submit to the Supreme Council the question of your sending delegates. We would ourselves personally appreciate arrival and help of authoritative cooperators who could supply us with authentic information of your views. We consider our first delegation which has started for Russia as beginning of permanent trading relations. We firmly believe that reopening of trading relations with Russia is at present possible only because of non-political character of Russian cooperation and of strictly economic and non-political course adopted by Russian cooperation. We consider therefore absolutely indispensable that our action should be absolutely separated from any other action not purely economic and that action of co-operative organisations should have no other aim than re-establishing trading relations in all classes of articles indispensable for Russia. On behalf of All-Russian Cooperative Organisations. Berkenheim. Morossoff.

Appendix 330

Note by the Permanent Committee [Regarding] Relations Between the Supreme Economic Council and the League of Nations

The Permanent Committee in execution of the Council's decision of November 22nd (minute 337) has not failed to keep in touch with the Secretariat of the League of Nations.

Considering that since that decision the League of Nations has formally come into existence, the Permanent Committee wishes to draw the attention of the S. E. C. to the desirability of officially notifying to the Council of the League:

1. The decision of the Council of Heads of States, 28th June.
2. The subsequent decision of the Committee on policy of the S. E. C. and of the S. E. C. itself,

and of ascertaining from them whether and when the League would be prepared to deal with economic matters.

In case the Council of the League should reply that nothing can be done before the assembly, the Permanent Committee should be instructed to co-operate with the Council of the League in preparing the Assembly, if so requested, by the Council of the League.

FEB. 4, 1920.

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